

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITORS' REVIEW REPORT
FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2021

*(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)*

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REVIEW REPORT RELATED TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi
Board of Management

Introduction

1. We have reviewed the accompanying condensed consolidated financial statements of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (the Company) and its subsidiaries (the "Group") as of 30 June 2021, which comprise the statement of consolidated financial position and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows with the summary of the important accounting policies and other explanatory notes for the six-month-period then ended. The management of the Company is responsible for the preparation and fair presentation of these interim financial information in accordance with Turkish Accounting Standards. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Turkish Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

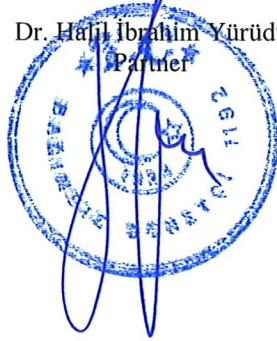
Opinion

3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi as of 30 June 2021, and of its financial performance and its cash flows for the six months then ended in accordance with the financial reporting standards endorsed by the Turkish Accounting Standards..

ATA Uluslararası Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Member Firm of Kreston International

Istanbul 18 August 2021

Dr. Hacı İbrahim Yürüdü
Partner



MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2021
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
LIABILITIES	References	30.06.2021	31.12.2020
Current Liabilities		1,146,756,574	1,073,919,767
Cash and Cash Equivalents	4	62,496,036	47,437,939
Trade Receivables		231,741,186	290,476,101
<i>Trade Receivables from Related Parties</i>	5-6	96,086,149	146,771,852
<i>Trade Receivables from Third Parties</i>	6	135,655,037	143,704,249
Other Receivables		138,433,288	139,217,882
<i>Other Receivables from Related Parties</i>	5-8	129,317,476	128,646,738
<i>Other Receivables from Third Parties</i>	8	9,115,812	10,571,144
Derivative Financial Instruments	9	231,904	173,048
Inventories	10	607,005,366	501,630,684
Biological Assets	11	279,542	6,361,162
Prepaid Expenses	12	17,626,771	6,035,201
Current Tax Assets	13	692,591	1,143,958
Other Current Assets	22	88,249,890	81,443,792
Non-Current Assets		1,675,584,242	1,601,241,044
Other Receivables	8	139,006	120,830
Investments Valued by Equity Pick-up Method	14	53,167,103	52,953,647
Investment Properties	15	79,365,000	79,365,000
Tangible Assets	16	1,438,804,046	1,391,238,278
Right of Use Assets	17	80,695	201,736
Intangible Assets	18	15,849,951	13,562,482
Prepaid Expenses	12	1,019,854	1,019,458
Deferred Tax Assets	29	87,158,587	62,779,613
TOTAL ASSETS		2,822,340,816	2,675,160,811

The accompanying notes form an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2021
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
LIABILITIES	References	30.06.2021	31.12.2020
Current Liabilities		1,241,822,267	972,374,129
Financial Borrowings	7	357,074,057	356,144,492
Current Installments of Long Term Financial Borrowings	7	532,548,512	313,847,115
Trade Payables		271,451,581	232,073,338
<i>Trade Payables to Related Parties</i>	5-6	789,521	121,754
<i>Trade Payables to Third Parties</i>	6	270,662,060	231,951,584
Employee Benefit Liabilities	21	27,275,582	25,729,497
Other Payables		5,955,367	11,424,477
<i>Other Payables to Related Parties</i>	5-8	3,872,166	5,274,970
<i>Other Payables to Third Parties</i>	8	2,083,201	6,149,507
Derivative Financial Instruments	9	-	94,875
Deferred Income	12	31,480,461	22,238,148
Current Tax Liabilities of Period Profit	29	1,762,178	1,646,995
Current Provisions		14,274,529	9,175,192
<i>Provision for employee benefits</i>	20	10,032,745	6,213,323
<i>Other current provisions</i>	20	4,241,784	2,961,869
Non-Current Liabilities		828,396,419	982,184,537
Long Term Borrowings	7	617,974,301	779,971,910
Long Term Provisions		63,601,548	57,822,309
<i>Long Term Provisions for Employee Benefits</i>	20	63,601,548	57,822,309
Deferred Tax Liabilities	29	146,820,570	144,390,318
Equity		752,122,130	720,602,145
Parent Company's Equity		734,711,076	704,571,173
Paid in Capital	23.1	250,000,000	250,000,000
Inflation Adjustments of Capital	23.2	860,487	485,133
Effect of mergers involving undertakings or businesses subject to common control	23.3	-	(70,487,372)
Accumulated Other Comprehensive Income or Expenses not to be Reclassified on Profit or Loss			
<i>Gains / losses on revaluation and remeasurement</i>			
<i>-Increase / Decrease on Revaluation of Tangible Assets</i>	23.4	721,039,934	638,436,962
<i>-Defined Benefit Plans Re-Measurement Gains / (Losses)</i>	23.4	4,007,625	5,377,107
Accumulated Other Comprehensive Income or Expenses to be Reclassified on Profit or Loss			
<i>Share of other comprehensive income of investments accounted for using the equity method that will not be reclassified to profit or loss</i>	23.5	42,649,562	42,649,562
Restricted Reserves		10,340,261	10,147,245
<i>Legal Reserves</i>	23.6	10,340,261	10,147,245
Retained Earnings / Losses	23.7	(243,093,206)	(77,913,133)
Net Profit / (Loss) for the Period	30	(51,093,587)	(94,124,331)
Minority Interests	23.8	17,411,054	16,030,972
TOTAL LIABILITIES AND EQUITY		2,822,340,816	2,675,160,811

The accompanying notes form an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
STATEMENT FOR THE PERIOD OF 1 JANUARY-30 JUNE 2021
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

		<i>Rewieved</i>	<i>Rewieved</i>	<i>Unrewieved</i>	<i>Unrewieved</i>
	Footnote	Current Period	Prior Period	Prior Period	Prior Period
	References	01.01- 30.06.2021	01.01- 30.06.2020	01.04- 30.06.2021	01.04- 30.06.2020
Revenue	24.1	843,348,494	622,918,851	449,081,737	290,941,114
Cost of Sales (-)	24.2	(690,768,657)	(536,912,274)	(366,870,149)	(230,738,519)
Gross Profit / (Loss)		152,579,837	86,006,577	82,211,588	60,202,595
General Administrative Expenses (-)	25.3	(19,394,212)	(16,253,900)	(6,702,069)	(7,960,813)
Marketing Expenses (-)	25.2	(23,917,961)	(18,019,950)	(14,046,813)	(8,980,153)
Research and Development Expenses (-)	25.1	(6,561,145)	(952,111)	(524,278)	-
Other Operating Income	26.1	59,319,104	24,224,273	21,952,610	10,811,765
Other Operating Expenses (-)	26.2	(36,142,163)	(25,189,222)	(2,089,881)	(3,060,817)
Operating Profit / (Loss)		125,883,460	49,815,667	80,801,157	51,012,577
Income from Investment Activities	27.1	2,833,394	8,200	1,060,701	3,300
Expenses from Investment Activities (-)	27.2	(817)	-	(817)	-
Shares of Profit/(Loss) from Investments					
Valued by Equity Pick-up Method	27.3	213,456	4,678,175	86,268	1,238,880
Operating Activity Profit/(Loss) Before Financial Expense		128,929,493	54,502,042	81,947,309	52,254,757
Financial Income	28.1	27,495,800	7,919,913	9,300,095	4,442,935
Financial Expenses (-)	28.2	(233,392,812)	(195,958,779)	(93,198,311)	(96,554,693)
Operating Activity Profit/(Loss) Before Taxation		(76,967,519)	(133,536,824)	(1,950,907)	(39,857,001)
Operating Activity Tax Income/(Expense)					
Current Tax Income/(Expense)	29	(1,762,178)	(959,178)	(1,053,877)	(508,799)
Deferred Tax Income/(Expense)	29	28,842,839	13,959,802	16,556,777	(1,282,042)
Current Period Operating Activity Profit / (Loss)		(49,886,858)	(120,536,200)	13,551,993	(41,647,842)
Profit/(Loss) for the Period		(49,886,858)	(120,536,200)	13,551,993	(41,647,842)
Distribution of the Period Income/(Loss)					
Minority Interests	23.8	1,206,729	(8,464,134)	661,887	(2,837,895)
Parent Company's Shares	30	(51,093,587)	(112,072,066)	12,890,106	(38,809,947)
Earnings Per Share	30	(0.2044)	(0.4483)	0.0516	(0.1552)
Other Comprehensive Income:					
Income (Expenses) not to be Reclassified on Profit or (Loss)					
- Increases (Decreases) in Revaluation of Tangible Assets	23.4	90,023,358	-	90,023,358	-
- Defined Benefit Plans Re-Measurement Gains (Losses)	20	(1,722,398)	2,471,792	694,479	1,059,359
- Deferred Tax Income / (Expense)	29	(6,894,117)	(494,358)	(7,377,491)	(211,872)
Other Comprehensive Income		81,406,843	1,977,434	83,340,346	847,487
Total Comprehensive Income/(Expense)		31,519,985	(118,558,766)	96,892,339	(40,800,355)
Distribution of Total Comprehensive Income					
Minority Interests	23.8	1,380,082	(8,459,440)	846,903	(2,836,205)
Parent Company's Shares	30	30,139,903	(110,099,326)	96,045,436	(37,964,150)

The accompanying notes form an integral part of these financial statements..

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS OF
1 JANUARY – 30 JUNE 2021
(Currency – Turkish Lira “TRY” unless expressed otherwise.)

					Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss		Accumulated profits				
	Footnote	Paid in Capital	Adjustments of Shareholders' Equity	Effect of Mergers Involving Undertakings or Businesses Subject to Common Control	Increase / (Decrease) on Revaluation of Tangible Assets	Defined Benefit Plans Re-Measurement Gains (Losses)	Share Of Other Comprehensive Income Of Investments Accounted For Using Equity Method That Will Not Be Reclassified To Profit or Loss	Restricted Reserves	Accumulated Profit/Loss	Net Profit/Loss For The Period	Parent Company's Equity	Minority Interests	Total Equity
Balances at 01.01.2020		250,000,000	485,133	(25,567,435)	-	(28,816)	-	10,460,462	(25,858,051)	(13,364,984)	196,126,309	(15,063,956)	181,062,353
Transfers	23	-	-	-	-	-	-	-	(13,364,984)	13,364,984	-	-	-
Total Comprehensive Income/(Loss)		-	-	-	-	1,972,740	-	-	-	(112,072,066)	(110,099,326)	(8,459,440)	(118,558,766)
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	-	-	(112,072,066)	(112,072,066)	(8,464,134)	(120,536,200)
- Other Comprehensive Income/(Expense)	23	-	-	-	-	1,972,740	-	-	-	-	1,972,740	4,694	1,977,434
Balances at 30.06.2020	23	250,000,000	485,133	(25,567,435)	-	1,943,924	-	10,460,462	(39,223,035)	(112,072,066)	86,026,983	(23,523,396)	62,503,587
Balances at 01.01.2021	23	250,000,000	485,133	(70,487,372)	638,436,962	5,377,107	42,649,562	10,147,245	(77,913,133)	(94,124,331)	704,571,173	16,030,972	720,602,145
Transfers	23	-	375,354	70,487,372	-	-	-	193,016	(165,180,073)	94,124,331	-	-	-
Total Comprehensive Income/(Loss)		-	-	-	82,602,972	(1,369,482)	-	-	-	(51,093,587)	30,139,903	1,380,082	31,519,985
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	-	-	(51,093,587)	(51,093,587)	1,206,729	(49,886,858)
- Other Comprehensive Income/(Expense)	23	-	-	-	82,602,972	(1,369,482)	-	-	-	-	81,233,490	173,353	81,406,843
Balances at 30.06.2021	23	250,000,000	860,487	-	721,039,934	4,007,625	42,649,562	10,340,261	(243,093,206)	(51,093,587)	734,711,076	17,411,054	752,122,130

The accompanying notes form an integral part of these financial statements

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIODS OF 30 JUNE 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise)

	Footnote References	Unreviewed Current Period 01.01- 30.06.2021	Unreviewed Prior Period 01.01- 30.06.2020
CASH FLOWS FROM THE OPERATING ACTIVITIES		150,290,591	(84,216,452)
Period Profit (Loss)			
Current Period Operating Activity Profit / (Loss)		(49,886,858)	(120,536,200)
Adjustments Related with Net Profit/Loss for The Period		213,442,743	149,576,601
Adjustments for depreciation, amortisation expenses	16-17-18	52,208,131	18,679,297
Adjustments to Impairment (Cancellation)			
- Adjustments to Impairment (Cancellation) in Receivables	6	(144,485)	(16,949)
Adjustments related to the provisions			
- Adjustments for employee termination benefits	20-25.2-25.3	4,401,320	9,262,959
- Adjustment for provision for expenses and lawsuits	20	1,279,915	48,174
- Adjustment for other provisions or reversals	20	3,819,422	(583,600)
Adjustments for interest income and expenses			
- Adjustments for interest expenses	7-28	6,610,998	7,002,218
- Unearned income from futures sale	26.1	6,508,450	3,049,703
- Deferred financial expense arise from forward purchasing	26.2	(6,024,383)	(4,365,145)
Adjustments for fair value income or loss			
- Adjustments for financial instruments fair value losses /(profits)	28	(153,731)	-
- Other adjustments for fair value losses (gains)		-	27,525
Adjustment for unrealized currency translation differences	7	174,337,880	134,616,038
Adjustments for retained earnings of investments subject to equity pick-up method			
- Adjustment for retained earnings of subsidiaries	27.3	(213,456)	(4,678,175)
Tax payments/returns	29	(29,187,318)	(13,465,444)
Changes in the Company Capital		(13,380,477)	(114,216,031)
Adjustments for increase/decrease in trade receivables			
- Adjustments for increase/decrease in trade receivables from related parties	5-6	50,685,703	(3,387,020)
- Adjustments for increase/decrease in trade receivables from third parties	6	1,685,247	(48,861,043)
Adjustments for increase/decrease in other receivables related to the operations			
- Adjustments for increase/decrease in other receivables from related parties related to the operations	5-8	(670,738)	6,367,331
- Adjustments for increase/decrease in other receivables from third parties related to the operations	8	(4,917,575)	(11,312,368)
Adjustments for increase/decrease in inventories	10	(105,374,682)	(74,627,473)
Adjustments related to the increase/decrease in biological assets	11	6,081,620	3,230,128
Adjustments for increase/decrease in prepaid expenses	12	(11,591,966)	6,323,636
Adjustments for increase/decrease in trade payables			
- Adjustments for increase/decrease in trade payables to related parties	5-6	667,767	116,417
- Adjustments for increase/decrease in trade payables to third parties	6	44,734,859	(36,341,318)
Increase/decrease in employee benefits liabilities	21	1,546,085	4,970,303
Adjustments for increase/decrease in other payables related to the operations			
- Adjustments for increase/decrease in other payables from related parties related to the operations	5-8	(1,402,804)	21,352,008
- Adjustments for increase/decrease in other payables from third parties related to the operations	8	(4,066,306)	14,563,331
Increase/decrease in deferred tax	12	9,242,313	3,390,037
Cash Flow from Operating Activities		150,175,408	(85,175,630)
Tax payments/returns	29	115,183	959,178

The accompanying notes form an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIODS OF 30 JUNE 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise)

	Footnote References	Unreviewed Current Period 01.01- 30.06.2021	Unreviewed Prior Period 01.01- 30.06.2020
NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES		(11,916,969)	(101,704,123)
Proceeds from sale of property, plant, equipment and intangible assets			
- Proceeds from sale of tangible assets	16	740,852	-
Proceeds from purchase of property, plant, equipment and intangible assets			
- Proceeds from purchase of tangible assets	16	(12,488,057)	(101,555,239)
- Proceeds from purchase of intangible assets	18	(169,764)	(98,884)
Cash outflows from purchase of investment property	15	-	(50,000)
CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES		(123,315,525)	172,952,360
Cash inflows from financial liabilities			
- Cash inflows from bank loans	7	257,271,812	570,389,999
Cash outflows from financial liabilities			
- Cash outflows for bank loans	7	(376,374,901)	(396,285,669)
- Cash outflows from other financial liabilities	7	(130,521)	(323,186)
Cash outflows from finance leases	7	(4,081,915)	(828,784)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN EXCHANGE CURRENCY DIFFERENCES (A+B+C)		15,058,097	(12,968,215)
CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE		15,058,097	(12,968,215)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	47,437,939	30,933,504
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	62,496,036	17,965,289

The accompanying notes form an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 30 JUNE 2021
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (“The Company” or “Menderes Tekstil”), its Subsidiaries and Equity participations are referred as “Group” in the accompanying consolidated financial statements.

The entities mentioned below are applied “Full Consolidation Method”:

- Menderes Tekstil Sanayi ve Ticaret A.Ş.
- Smyrna Seracılık Ticaret A.Ş.

The entities mentioned below are applied by “Equity Pick up Method”:

- Aktur İzmir Gayrimenkul A.Ş.

Menderes Tekstil Sanayi ve Ticaret A.Ş.

The Company produces cotton press, electric energy, yarn, fabric, valances, dust ruffles, ruffled and tailored shams, comforter shells, printed towels and linens in integrated cotton and synthetic textile establishment.

The Company address registered on the Trade Registry Gazette is Adalet Mahallesi, Manas Bulvarı, No:47/A 42. Kat Bayraklı, İzmir.

As of 30 June 2021, 3590 personnel are employed by the Company and average number of personnel is 3686 for the period of 01.01-30.06.2021.

Company shares are traded in the Borsa Istanbul since 2000.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Tan Elektrik Üretim A.Ş. which are owned in all by Menderes Tekstil, merged within Menderes Tekstil with the "Simplified Merger Procedure" method and registered by İzmir Trade Registry Office on 31.03.2021 and published in the Turkish Trade Registry Gazette dated 07.04.2021 and numbered 10304

Production Capacity (Textile)

According to the capacity report from Denizli Industrial Chamber dated 20 April 2020, numbered 174 and valid until 20 April 2022, the Company annual production capacity is as follows: (Companies production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts in a day):

Products	Unit	Quantity
Cotton yarn (is used in its production)	Kg	5,438,718
Raw fabric woven (is used in its production))	m2	59,151,060
Knitted fabric (is used in its production))	Kg	1,004,400
Linens	Kg	19,477,500
Pillow case	Kg	5,670,000
Sheet	Kg	7,218,750
Fabric painting (is used in its production)	Kg	3,744,000
Fabric printing (is used in its production)	Kg	14,121,000
Digital fabric printing (is used in its production)	Kg	1,573,719

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
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Production Capacity (Energy)

According to the capacity report from Denizli Industrial Chamber dated 09.June 2021, numbered 334 and valid until 21 June 2023, the Company annual production capacity is as follows:

	Unit	Quantity
Electricity energy	Kilowatt hour	161,827,000
Steam (is used in its production)	Joule	617,569,920,000
Hot water (is used in its production)	Joule	238,360,320,000

Information about the Group's power plants in operation, together with its current installed powers, is presented in the table below:

Power plants	Company	Location	Type	Electricity Production Capacity (kW)
<i>Geothermal</i>				
Baklacı	Menderes	Manisa	<i>Geothermal</i>	155,200,000
Tosunlar	Menderes	Denizli	<i>Geothermal</i>	30,456,000
<i>Wind</i>				
Aliğa	Menderes	İzmir	Wind	57,254,400
Bergama	Menderes	İzmir	Wind	75,816,000
<i>Solar</i>				
Sarayköy	Menderes	Denizli	Solar	9,292,834

Smyrna Seracılık Ticaret A.Ş.

Smyrna Seracılık Ticaret A.Ş. was established in 2007 in İzmir. It is engaged in agricultural production. In the Trade Registry Gazette numbered 7296 and dated 21 April 2009, the Company name has been changed from Smyrna Organik Tarım Sanayi ve Ticaret A.Ş. to Smyrna Seracılık Ticaret A.Ş. The Company has been included to the complete consolidation in 2009.

Smyrna Seracılık Ticaret A.Ş. has operated on the existing area which is 197.000 m2.

Capacity Report 1 (Sarayköy)

According to the capacity report from Denizli Industrial Chamber dated 28 May 2021, numbered 293 and valid until 31 May 2023, The Company production capacity is as follows:

Product	Unit	Quantity
Tomato	Ton	6,480

The Company recorded address to the trade registry is Köyiçi Mevkii, Tosunlar Kasabası Sarayköy, Denizli.

As of 30 June 2021, 284 personnel are employed by the Company and the average number of personnel is 282 for the period of 01.01-30.06.2021.

Aktur İzmir Gayrimenkul A.Ş.

Aktur İzmir Gayrimenkul A.Ş. was established by spin-off of Aktur Araç Muayene İşletmeciliği A.Ş. with the resolution of the general assembly published in the Trade Registry Newspaper dated November 23, 2020 and numbered 10208. The company generates rental income from the properties it owns. Head office of the company is in İzmir.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2. a.Basis of Presentation

Compliance Statement

The Group is predicate on Turkish Commercial Code ("TCC"), tax legislation of the Republic of Turkey and the Uniform Chart of Accounts issued by the Ministry of Finance while maintaining its legal accounting records and preparing statutory financial statements. Financial statements, except financial assets and liabilities which are signified by the fair value, on the basis of historical cost in Turkish Lira ("TRY") have been prepared. Financial statements prepared in accordance with the historical cost basis and in order to make fair presentation in accordance with IAS / IFRS, to the legal records required adjustments and reclassifications are reflected. Paid in capital, premiums on shares and restricted reserves in equity are reflected with their statutory accounting records.

The Preparation of Financial Statements

The accompanying consolidated financial statements and disclosures have been prepared 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) (hereinafter will be referred to as “the CMB Reporting Standards”) on 13 June 2013 which is published on Official Gazette numbered 28676, also put into place by Public Oversight, Accounting and Auditing Standards Authority(POA). TAS; Turkish Accounting Standards, Turkish Financial Reporting Standards and related annexes and interpretations.

The accompanying financial statements of the Group are prepared in accordance with the CMB's announcement dated 07 June 2013 "Announcements on Financial Statements and Footnote Formats". In addition, The accompanying consolidated financial statements are prepared in accordance with resolution No 30 TAS taxonomy published by POAASA on 2 June 2016 and in accordance with the TAS taxonomy announced by POAASA as current “2019 TFRS including TFRS-15 Revenue from contracts with customers and TFRS-16 Leases on 15 April 2019.

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

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 18 August 2021 Boards of Directors have authority to change financial statements.

Currency Measurement and Reporting Currency

As of 30 June 2021 and 31 December 2020, Group’s functional and reporting currency unit is represented in TRY compared to previous periods.

Rounding of amounts presented in financial statements

The financial information given in TRY has been rounded to the nearest full TRY value.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

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Going Concern

The accompanying consolidated financial statements have been prepared assuming that the group will continue to generate benefit from its assets and fill its liabilities in the following year under the natural course of its activities based on the assumption of continuity of business.

The Covid-19 outbreak, declared as a pandemic by the World Health Organization (WHO) on 11 March 2020, and the measures taken against the pandemic continue to cause disruptions in operations and negatively affect economic conditions in all countries affected by the pandemic. As a result, asset prices, liquidity, exchange rates, interest rates and many other issues are affected and the future remains uncertain due to the effects of the pandemic. The Group management closely monitors all developments, makes detailed evaluations and takes the necessary measures in order to minimize the possible negative effects of the Covid-19 epidemic on activities, financial status, financial performance and cash flows.

Basis of Consolidation

The capital structure of subsidiaries and participations are as follows:

Subsidiaries	Consolidation Method	30 June 2021	31 December 2020
Smyrna Seracılık Ticaret A.Ş.	Full Consolidation	79.17%	79.17%
Tan Elektrik Üretim A.Ş. (*)	Full Consolidation	-	100.00%
Akça Enerji Üretim Otoprodüktör Grubu A.Ş. (*)	Full Consolidation	-	100.00%

Consolidation Method	Consolidation Method	30 June 2021	31 December 2020
Aktur İzmir Gayrimenkul A.Ş.	Equity Pick up	48.00%	48.00%

(*) Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Tan Elektrik Üretim A.Ş. which are owned in all by Menderes Tekstil, merged within Menderes Tekstil with the "Simplified Merger Procedure" method and registered by İzmir Trade Registry Office on 31.03.2021 and published in the Turkish Trade Registry Gazette dated 07.04.2021 and numbered 10304.

Investments in associates are accounted via using equity pick up method. These are entities in which the Group generally holds between 20% and 50% of the voting rights, or where the Group has significant influence, as well as not having control over the operations of the Group.

Subsidiaries are included in consolidation as of the date of transition to the controlling the Group and they are excluded from the scope of consolidation as of the date of completion of the control.

The share of minority shareholders in the net assets and operating results of the Subsidiaries are presented as minority interest in the consolidated balance sheet and income statement.

In the accompanying consolidated financial statements, results of operations and assets and liabilities of associates are accounted for using equity pick up method of accounting. According to equity pick up method, associates in the consolidated financial statements are shown on the basis of the amount obtained by subtracting the cost value from the net assets of the subsidiary after deducting any impairment in the associate. Losses that exceed the share of the Group in the associate are not recognized in the records. Additional loss is due to the fact that the Group has been exposed to legal or implied liability or has made payments on behalf of an affiliate or business partnership

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As of 30 June 2021 and 31 December 2020, the capital structure of subsidiaries and participations are as follows:

Menderes Tekstil Sanayi ve Ticaret A.Ş. (Parent Company)

	30.06.2021	31.12.2020
	Ratio %	Ratio %
Public Offered Shares	46.78	46.88
Akça Holding A.Ş.	50.83	50.73
Other	2.39	2.39
	%100	%100

Akça Holding A.Ş.(Controlling Shareholder of Menderes Tekstil Sanayi ve Ticaret A.Ş.)

	30.06.2021	31.12.2020
	Ratio %	Ratio %
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	53.57	53.57
Rıza Akça	21.67	21.67
Dilek Göksan	10.83	10.83
Ahmet Bilge Göksan	10.83	10.83
Menderes Tekstil Pazarlama A.Ş.	3.10	3.10
	%100	%100

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	30.06.2021	31.12.2020
	Ratio %	Ratio %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.17	79.17
Rıza Akça	10.31	10.31
Ahmet Bilge Göksan	5.16	5.16
Dilek Göksan	5.16	5.16
Other	0.20	0.20
	%100	%100

Aktur İzmir Gayrimenkul A.Ş. (Participation)

	30.06.2021	31.12.2020
	Ratio %	Ratio %
Zeybekçi Holding A.Ş.	50.00	50.00
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.00	48.00
Akça Holding A.Ş.	2.00	2.00
	%100	%100

2.b. Comparative Information and Previous Periods Adjustments

For the purpose of conducting a comparison of financial position and performance trend, Group’s current financial statements are prepared comparative with previous periods. Comparative information is reclassified to be compatible with the presentation of current financial statements, when necessary.

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2.c. Changes in Accounting Estimates and Errors

The accompanying financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by group management to be compatible with statements required by Capital Market Board. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements.

2.d. Changes in Accounting Policies

A group only could change its accounting policy under following circumstances;

- If a standard or interpretation makes it necessary or
- If the change make effect of operations or incidents on financial position and performance or cash flows more appropriate and reliable.

Financial statements have to be comparable to see trends in financial position of companies, performance and cash flows for users of financial statements. Accordingly why, if the change is not granting one of above conditions, each interim and fiscal periods has to be applied same accounting policy.

The accounting policies implemented in the financial statements are same as those implemented in the financial statements as of 31 December 2020 and for the year ended on the same date, except as stated above

2.e. New and revised standards and interpretations

Standards, amendments and interpretations applicable as at 30 June 2021:

Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to TFRS 17 and TFRS 4, “Insurance contracts”, deferral of TFRS 9; effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of TFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in TFRS 4 from applying TFRS 9, Financial Instrument until 1 January 2023.

These amendments do not have a significant impact on the financial position and performance of the Group.

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Standards, amendments and interpretations that are issued but not effective as at 30 June 2021:

IFRS 17, ‘Insurance contracts’; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IAS 1, ‘Presentation of financial statements’ on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

- Amendments to IFRS 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the Accounting requirements for business combinations.
- Amendments to IAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

These amendments do not have a significant impact on the financial position and performance of the Group.

2.f. Summary of Significant Accounting Policy

Revenue Recognition

Group recognises revenue based on the following five principles in accordance with the TFRS 15 - “Revenue from Contracts with Customers” standard effective from 1 January 2018.

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

The goods or services are transferred when the control of the goods or services is delivered to the customers. Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) presence of Group’s collection right of the consideration for the goods or services,
- b) customer’s ownership of the legal title on goods or services,
- c) physical transfer of the goods or services,
- d) customer’s ownership of significant risks and rewards related to the goods or services,
- e) customer’s acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Interest Income

Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit.

Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

Dividend income is recorded as income of the collection right transfer date. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

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Inventories

Inventories are valued at the lower of cost or net realizable value. Inventory costs include purchasing costs. The unit cost of inventories is determined average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses

Biological Assets

Group’s biological assets consist of planted tomatoes. Uncultivated tomatoes are reflected in the consolidated financial statements after the provision for impairment is booked, if there is a decrease in cost due to the absence of an active market.

Tangible Assets

Lands, buildings, land improvements, machineries and equipment are reflected to the consolidated financial statements at fair values that are determined by an independent real estate appraisal company, which is accredited by CMB as of 31 December 2020.

The valuation company determined the fair value of land and parcels with market value method, the fair value of building with market value method and depreciated replacement cost method, the fair value of land improvements and machinery and equipment with depreciated replacement cost method.

The revaluation frequency depends on the differences at the fair values of tangible fixed assets.

If net book value of an asset increases as a result of the revaluation, this increase is recognized at statement of other comprehensive income and presented under the revaluation fund account in the equity. However a revaluation value increase can only be recognized in the profit or loss statement to the extent of impairment recorded in the previous periods for the same asset.

If net book value of an asset decreases during the revaluation, this decrease is recognized as expense. However this decrease can only be recognized as much as all kinds of credit balance about this asset in the revaluation surplus.

The subjected decrease recognized in other comprehensive income, decreases the amount accumulated in equity under revaluation surplus. In the case of sales of revalued building or land, revaluation surplus part of revalued asset is classified to accumulated profit/(loss).

The costs of Tangible fixed assets purchased before 1 January 2005 are restated for the effects of inflation in TRY unit current at 31 December 2005 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses.

Tangible fixed assets are carried at cost, less accumulated depreciation. Depreciation is provided on the acquired values of tangible fixed assets on a straight-line method starting from the acquisition date. Repair and maintenance costs are transferred to the related expense account on the date of the charge.

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Economic useful lives of assets approximately are as follows:

	Year
Land improvements	10-40
Buildings	30-50
Machinery, plant and equipments	5-15
Energy facilities	20-25
Motor vehicles	5-10
Fixtures and fittings	3-20

Intangible Assets

Intangible assets are reflected with adjusted cost value according to the inflationary accounting effective for the entries purchased before 01 January 2005 and acquired cost of entries purchased after 01 January 2005 by deducting the accumulated amortization.

Intangible assets comprise acquired usage rights, information systems, research and development expenses and other identified rights. They are recorded at acquisition cost and amortized on a straight-line based on pro-rata over their estimated useful lives for a period not exceeding between 10% and 20% for a year.

Investment Properties

Investment properties are the real estates which are held to earn rental income and/or for capital appreciation. Investment properties are presented in the financial statements at their fair value determined in the revaluation work. Revaluation work was performed by an independent appraisal company accredited by the Capital Market Board. Appreciation or devaluation in the mentioned properties is accounted in the consolidated profit or loss table.

If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply TAS 16 up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value in the same way as a revaluation in accordance with TAS 16.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and 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 consolidated statement of profit or loss in the year of retirement or disposal. A gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises

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Impairment of Assets

The carrying amounts of the Group’s assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income. The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortisation amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

Right-of-Use Assets

The Group recognises right-of-use assets at the commencement of the lease(i.e, the date of underlying asset is available for use)Right-of-use assets are measured at cost,less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- (a) the amount of lease liabilities recognised,
- (b) lease payments made at or before the commencement date less any lease incentives received.
- (c) initial direct costs incurred.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term,the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease,the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

At the commencement date of the lease,the measurement of the lease liabilities include:

- (a) Fixed payments,
- (b) The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs,
- (c) The amounts expected to be paid by the Group under residual value guarantees.
- (d) The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and
- (e) The payments of penalties for terminating a lease,if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the Group measures the amount of lease liabilities as follows :

- (a) The amount of lease liabilities is increased to reflect the accretion of interest and
- (b) Reduces for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short – term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (ie, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term lease and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings.

In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

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 income statement in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

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Financial Assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Group's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

“Financial assets measured at amortized cost”, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group’s financial assets measured at amortized cost comprise “cash and cash equivalents”, “trade receivables” and “financial investments”. Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated.

“Financial assets measured at fair value through other comprehensive income”, are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

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Impairment

Impairment of the financial and contractual assets measured by using “Expected credit loss model” (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12 Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Trade Receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method,. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Group has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 1 year). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Unearned finance income/expense due to commercial transactions are accounted for under “Other Operating Income/Expenses” in the consolidated statement of income or loss.

The Group collects some of its receivables through factoring. The receivables that are subject to the factoring transaction are deducted from their respective receivables accounts, if the collection risk is undertaken by the Factoring Group. The amounts at Group's collection risk continue to be transferred to the Consolidated Financial Statements and advances received from the factoring companies are presented as debts from factoring transactions under the "Borrowings" account in the Consolidated Financial Statements.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments.

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Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

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

Financial liabilities are classified as equity instruments and other financial liabilities.

Equity instruments

Financial liabilities related to non-controlling share put options are reflected in the financial statements in conformity with their discounted value of them own redemption plan. The discounted value of the financial liability which is the subject of the put option is estimated to be the fair value of the financial asset.

Other financial liabilities

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

Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The Effects of Exchange Rates

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange and losses are reflected to the financial statements.

Effects of Change in Currency Rate

Assets and liabilities in foreign currency and purchase and sale commitments create exchange risk. Foreign exchange risk stemming from depreciation or appreciation of Turkish Lira managed by top management by following the currency position of the Group and taking position according to approved limits.

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Earnings per Share / (Loss)

The amount of gain / loss per share is calculated by dividing the period gain/ loss of the Group with weighted average share unit in the period.

In Turkey, companies can increase their share capital by making distribution of “bonus shares” to existing shareholders from Inflation adjustment difference in shareholder’s equity. For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of “bonus shares” issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

Investments Subject to Equity Pick-up Method

Equities valued with equity pick-up method are carried at their initial acquisition cost. This amount is accounted by equity pick-up method by restating subject to Group accounting policies calculating the share of Group from the net assets.

Employee Benefits / Severance Pay

Provision for severance pay

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 30 June 2021, such payments are calculated on the basis of 30 days’ pay limited to a maximum of TRY 8,285 (31 December 2020: TRY 7,117) per year of employment at the rate of pay applicable at the date of retirement.

Group used “Projection Method” to calculate the termination benefits and the duration to be completed based on the past experience and discounted with rate of Treasury bond at balance sheet date. The calculated profits and losses are reflected in income statements.

The ratios of the basic assumptions used on the balance sheet date are as follows:

	30.06.2021	31.12.2020
Interest rate	% 18.75	% 17.25
Inflation rate	% 13.25	% 12.10
Discount rate	% 4.86	% 4.59

Social Insurance Premium

Group, pays social security contribution to social security organization compulsorily. So long as the Group pays these premiums, it has no liability. These premiums are reflected as personnel expenses in the period in which they are paid.

An obligation is recorded regarding to vacation payments earned by the employees as a result of their past services. In case of termination of employment, the Group is obliged to pay an amount equal to the amount found by multiplying the daily gross wage on the date of termination of the employment contract and the sum of other contractual benefits with the number of earned but unused vacation days. In this context, the Group records the provision for unused vacation as a long-term benefit obligation provided to employees.

Vacation provision is a short-term employee benefit obligation, measured without discount and expensed in profit or loss as the related service is performed.

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Taxes

Taxes on income for the period comprise current tax and the change in the deferred taxes. The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates enacted by the balance sheet date. Deferred tax is accounted for using the “liability” method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit. Deferred tax is accounted by temporary differences between the values of assets and liabilities in financial statements using “liability method” and the values of financial statements for the legal purpose. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Net deferred tax assets created from term differences deducted in proportion as tax allowances in conditions of there is no certain information for the coming periods.

Provisions, Conditional Liabilities and Conditional Assets

Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Conditional liabilities and conditional assets

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements of Group if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

Derivative Financial Instruments and Instruments to Protect from Risk

The Group’s derivative financial instruments include foreign currency forward contracts and interest rate swap transactions.

At the end of valuation, the derived financial instruments which are appreciated with the reasonable value and associated with income statement will be reflected as a result of valuation to the income sheet.

It has been calculated with comparison of the revalued gains and losses in the forward purchase and sale agreements of foreign currency with the foreign exchange spot rate as of balance sheet date and the revalued original amount calculated with linear method with valid foreign exchange spot rate as of starting date of agreements. Amounts related with income statement have been classified as income/ expense accruals under other receivables and other payables in the balance sheet.

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Statement of Cash Flow

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group’s activities. The Group has preferred to present the cash inflows and outflows from operating activities in the financial statements in indirect way.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Subsequent Events

Although subsequent events arise after the explanation of the financial information to the public or any announcement related to profitability, it encloses all the events with balance sheet date and authorization date for the diffusion of the balance sheet. Group adjusts the amounts in the financial statements if there exists any events necessitates adjustment.

Related Parties

In the presence of one of the following criteria, parties are considered as related to the Group,

- (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 parents, subsidiaries and fellow subsidiaries);
 - (ii) Has an interest in 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 venture,
- (d) The party is member of the key management personnel of the Group or 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, jointly 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 has a defined benefit plan for the employees of the Group or a related party of the Group

Transactions with related parties are transfer of resources or obligations between related parties, regardless of whether a price is charged. Group interacts with its related parties within the frame of ordinary business activities (Note 5).

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Details of related parties are as follows:

Akça Holding A.Ş. “Akça Holding”

Akça Holding A.Ş. was established in 1994 in İzmir. It is engaged in providing financial support to the group firms.

Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş. “Osman Akça Tarım Ürünleri”

Osman Akça Tarım Ürünleri İthalat ve İhracat San. ve Tic. A.Ş. was established on 25 July 1985. Head quarter of The Company is in İzmir. Main activity is established to process the fruit and agricultural products.

Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. “Akçasaraylı Tekstil”

Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. was established in 1990 in İzmir. It is engaged of the sale of textile products.

A trademark lease contract was made between Menderes Tekstil San. and Tic. A.Ş. and Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. Regarding to this signed contract, Akça Saraylı Tekstil San. ve Tic. Ltd.Şti. is obliged to pay 2% of its annual net sales to Menderes Tekstil San. ve Tic. A.Ş. as a leasing fee. Consequently, Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. leased the trademarks of Mendereshome Store-Menderesstore-Menderestore.

Ak-San Sigorta ve Aracılık Hizmetleri Ltd. Şti. “Aksan Sigorta”

Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti. was established on 13 March 1997. Head quarter of the Company is in İzmir. Main activity is insurance intermediary services.

Related parties that do not have any significant activity with the Group are as follows:

Akçamen Tekstil Sanayi ve Ticaret A.Ş.

Selin Tekstil Sanayi ve Ticaret A.Ş.

Menderes Tekstil Pazarlama A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur İzmir Gayrimenkul A.Ş.

Government Grants and Incentives

Government incentives, including non-monetary grants at fair value are included in the consolidated financial statements only if there is reasonable assurance that the Group will fulfill all required conditions and acquire the incentive. A forgivable loan from government is treated as a government grant when it is probable that the entity will meet the terms for forgiveness of the loan.

The Group has an income from insurance premium employer share incentive based on the Labor Law numbered 4857 and Social Insurance and General Health Insurance Law numbered 5510 This incentive granted by government is not collected in cash but deducted from the accrued insurance premiums by treasury. The mentioned incentive income was off set against cost of goods sold in the financial statements.

2.g. Significant Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax bases and statutory tax financial statements. Such differences usually arise from the fact that certain income and expense items are included in the tax base amounts and financial statements prepared in accordance with TAS at different periods. The Group has unused tax losses that can be deducted from future profits and deferred tax assets consisting of other deductible temporary differences. The recoverable amount of deferred tax assets partially or fully is estimated under current conditions. During the assessment, future profit projections, losses incurred in the current period, unused losses and other taxable assets are taken into consideration and tax planning strategies that can be used when necessary are taken into account.

As of 30 June 2020, deferred tax asset is recognized for temporary losses on taxable temporary differences amounting to TRY 50,459,044 TRY and for transferer R&D deductions amounting to TRY 46,583,529 which can be foreseen on temporary differences arising from tax deductions and can be utilized in the period in which the tax deduction period can be utilized.

Provision for severance pay

The present value of the retirement pay liability is determined on an actuarial basis using certain assumptions. These assumptions are used in determining the net expense of the termination compensation liabilities and include the rate of reduction. Any change in the underlying assumptions affect the recorded value of the termination indemnity obligation. Actuarial losses and gains are recognized in the statement of comprehensive income in the period in which they are incurred.

The group determines the appropriate reduction rate at the end of each year. This rate is used to calculate the present value of estimated future cash outflows necessary to meet the retirement benefit obligations.

Deferred financing income / expense:

The calculation of the amortized cost of trade receivables and payables by using the effective interest method is based on the expected collection and payment dates of the receivables and payables.

Useful lives:

Tangible and intangible assets are amortised and depreciated on useful lives.

Provisions for litigation:

When setting aside the provision for legal claims the probability of losing the related case and the results to expect to be suffered in the event that the legal counsel of the Group and management of the Group make their best estimates to calculate the provision.

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Investment property impairment:

The Group makes a comparison with the valuation report issued by the licensed real estate valuation company at Capital Market Board when evaluating as to whether any indication that there is a decrease in the value of the investment properties.

Distinction of tangible assets and Investment properties:

The Group has classified the properties which it owns and rented as investment properties

Fair value measurements of land and buildings

Lands and buildings are revaluated to their fair values in accordance with TAS 16, Property, Plant and Equipment by Rota Taşınmaz Değerleme ve Danışmanlık A.Ş. and Aden Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi, an organization accredited to the CMB. (Note 16)

Fair value measurements of property, plant and equipment

Machinery, plant and equipments are revaluated to their fair values in accordance with TAS 16, Property, Plant and Equipment by LAL Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi and Aden Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi, an organization accredited to the CMB. (Note 16)

The estimates used are shown in the relevant accounting policies or footnotes.

2.h. Segment Reporting

The Group has three business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These divisions are; textile (Menderes Tekstil), agriculture sector (Menderes Tekstil and Smyrna) and energy sector (Akça Enerji and Tan Elektrik) . These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. When evaluating the segments’ performance, Group Management is utilizing the financial statements prepared in accordance with TFRS (Note 3).

Operating segments are reported in a manner consistent with the reporting provided to the Group’s chief operating decision-maker. The Group’s chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

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2.i. Accounting of Business Mergers under Common Control

At the meeting of the Board of Directors dated 28.12.2020, The Company purchased the share that a total nominal value of TRY 12,800,000 with a price of TRY 3.87 per share in other partners of Tan Elektrik Üretim A.Ş. (Tan Elektrik); one of the subsidiaries of Company. The Company purchased the share that a total nominal value of TRY 9,599,990 with a price of TRY 2.09 per share in other partners of Akça Enerji Üretim Otoprodüktör Grubu A.Ş. ("Akça Enerji"); one of the other subsidiaries of Company. The per share prices is stated in Valuation Report prepared by DRT Kurumsal Finans Danışmanlık Hizmetleri A.Ş. an authorized institution within the framework of Capital Markets Board (CMB) regulations.

A total of TRY 46,473,376 was paid for the shares of Tan Elektrik with a nominal value of TRY 12,008,000 in other partners and a total of TRY 20,054,551 was paid for shares with a nominal value of TRY 9,599,990 in other shareholders of Akça Enerji. In this way, total purchase price of TRY 66,527,927 has been paid. With this transaction, the direct share of the Group in Tan Elektrik and Akça Enerji increased to 100%.

Group evaluate the purchasing transaction by method "combination of rights" within the frame of "Accounting of Business Combinations Under Common Control" oriented resolution (2013-2) Applying the Turkish Accounting Standards published by Public Oversight Accounting and Auditing Standards Authority. Group reorganize consolidate financial statements as if actualize purchasing transaction as start of reporting period that occurred common control and Group rendered consolidate financial statements as comparative dating from start of reporting period. Goodwill or negative goodwill is not calculated as a result of these transactions. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired Group is directly accounted under shareholder's equity as effect of combinations including business subject to common control.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Tan Elektrik Üretim A.Ş. which are owned in all by Menderes Tekstil, merged within Menderes Tekstil with the "Simplified Merger Procedure" method and registered by İzmir Trade Registry Office on 31.03.2021 and published in the Turkish Trade Registry Gazette dated 07.04.2021 and numbered 10304

Regarding the Accounting of Business Combinations Under Common Control, according to Article 11 of the Public Oversight, Accounting and Auditing Standards Authority's (KGK) Principle Decision No. 2018/1 on the Implementation of Turkish Financial Reporting Standards;

In the event that the acquired entity ceases to exist as a result of a business combination under common control or is incorporated into the acquirer, or in the event that such a situation arises later or the subsidiary is subsequently dissolved, the amounts in the "Effect of Mergers Involving Joint Control Enterprises or Businesses" are the amounts in which the event occurred. It is closed by transferring to the "Previous Years Profits/Losses" account in equal installments within a maximum of 5 accounting periods starting from the accounting period.

Based on the relevant decision, the Group Management, Akça Enerji Üretim Otoprodüktör Grubu A.Ş., which was accounted for in the "Effect of Mergers Including Joint Control Enterprises or Businesses" and was dissolved as of 2021. and Tan Elektrik Üretim A.Ş. decided to reclassify the total amount of TRY (70,487,372) TRY belonging to the "Retained Earnings / Losses" account in 2021.

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NOTE 3 – SEGMENT REPORTING

30 June 2021	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	513,876,336	240,139,626	90,282,062	(949,530)	843,348,494
Cost of Sales (-)	(425,372,784)	(212,695,525)	(53,637,403)	937,055	(690,768,657)
GROSS PROFIT/LOSS	88,503,552	27,444,101	36,644,659	(12,475)	152,579,837
General Administrative Expenses (-)	(17,858,422)	(768,696)	(861,207)	94,113	(19,394,212)
Marketing Expenses (-)	(23,286,407)	(631,554)	-	-	(23,917,961)
Research and Development Expenses (-)	(6,561,145)	-	-	-	(6,561,145)
Other Operating Income	32,138,883	27,200,744	61,351	(81,874)	59,319,104
Other Operating Expenses (-)	(27,433,235)	(8,672,989)	(36,175)	236	(36,142,163)
OPERATING PROFIT/LOSS	45,503,226	44,571,606	35,808,628	-	125,883,460
Income from Investing Activities	2,833,394	-	-	-	2,833,394
Expenses from Investment Activities (-)	(817)	-	-	-	(817)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	213,456	-	-	-	213,456
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	48,549,259	44,571,606	35,808,628	-	128,929,493
Financial Income (+)	27,299,241	596,088	182,092	(581,621)	27,495,800
Financial Expenses (-)	(143,547,367)	(232,211)	(90,194,855)	581,621	(233,392,812)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	(67,698,867)	44,935,483	(54,204,135)	-	(76,967,519)
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	(1,762,178)	-	-	(1,762,178)
- Deferred Tax Income/Expense	28,232,217	610,622	-	-	28,842,839
PROFIT/(LOSS) FOR THE PERIOD	(39,466,650)	43,783,927	(54,204,135)	-	(49,886,858)

30 June 2020	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	406,016,940	160,515,232	56,707,182	(320,503)	622,918,851
Cost of Sales (-)	(363,533,418)	(147,012,191)	(26,726,495)	359,830	(536,912,274)
GROSS PROFIT/LOSS	42,483,522	13,503,041	29,980,687	39,327	86,006,577
General Administrative Expenses (-)	(14,823,278)	(830,711)	(732,759)	132,848	(16,253,900)
Marketing Expenses (-)	(17,262,768)	(757,182)	-	-	(18,019,950)
Research and Development Expenses (-)	(952,111)	-	-	-	(952,111)
Other Operating Income	12,989,174	10,031,336	1,388,155	(184,392)	24,224,273
Other Operating Expenses (-)	(24,574,989)	(387,273)	(239,177)	12,217	(25,189,222)
OPERATING PROFIT/LOSS	(2,140,450)	21,559,211	30,396,906	-	49,815,667
Income from Investing Activities	8,200	-	-	-	8,200
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	4,678,175	-	-	-	4,678,175
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	2,545,925	21,559,211	30,396,906	-	54,502,042
Financial Income (+)	10,019,772	102,861	478,535	(2,681,255)	7,919,913
Financial Expenses (-)	(123,530,854)	(973,493)	(74,135,687)	2,681,255	(195,958,779)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	(110,965,157)	20,688,579	(43,260,246)	-	(133,536,824)
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	(959,178)	-	-	(959,178)
- Deferred Tax Income/Expense	10,055,690	77,113	3,826,999	-	13,959,802
PROFIT/(LOSS) FOR THE PERIOD	(100,909,467)	19,806,514	(39,433,247)	-	(120,536,200)

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30 June 2021	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Total Assets	2,001,422,671	266,261,033	631,771,982	(77,114,870)	2,822,340,816
Total Liabilities	1,748,846,235	144,696,344	182,359,656	(5,683,549)	2,070,218,686
Assets by Segments					
Investment Property	79,365,000	-	-	-	79,365,000
Total Tangible Assets (Net Book Value)	721,626,594	85,437,711	631,739,741	-	1,438,804,046
Right of Use Assets (Net Book Value)	80,695	-	-	-	80,695
Total Intangible Assets (Net Book Value)	15,802,379	15,331	32,241	-	15,849,951
Purchases of Tangible and Intangible Assets	10,047,793	2,283,536	326,492	-	12,657,821
Purchases of Investment Property	-	-	-	-	-
Depreciation Expenses	33,650,224	3,402,788	15,155,119	-	52,208,131
Detail of the Group's foreign currency assets and liabilities by segments					
Total Assets	219,079,751	3,372,035	-	-	222,451,786
Total Liabilities	1,371,819,658	174,809	182,359,656	-	1,554,354,123
Net Asset / (Liability) Position of Foreign Currency Derivative Instruments Out of the Statement of Financial Position	4,047,529	-	-	-	4,047,529
Net Foreign Currency Asset/ Liabilities	(1,148,692,378)	3,197,226	(182,359,656)	-	(1,327,854,808)
Detail of the Group's financial liabilities by division in currency					
Financial Payables	1,325,231,368	5,846	182,359,656	-	1,507,596,870
- USD	250,555,154	-	53,222,044	-	303,777,198
- EUR	946,555,605	-	129,137,612	-	1,075,693,217
- GBP	-	-	-	-	-
- TRY	128,120,609	5,846	-	-	128,126,455
Export	401,694,842	35,343,502	-	-	437,038,344
İmport	259,455,328	1,106,697	-	-	260,562,025
Total Debt	1,748,846,235	144,696,344	182,359,656	(5,683,549)	2,070,218,686
Cash Equivalents	(62,450,192)	(45,844)	-	-	(62,496,036)
Net Debt	1,686,396,043	144,650,500	182,359,656	(5,683,549)	2,007,722,650
Total Equity	701,988,762	121,564,689	-	(71,431,321)	752,122,130
Total Capital	2,388,384,805	266,215,189	182,359,656	(77,114,870)	2,759,844,780
Net Debt/Total Capital Ratio	70.61%	54.34%			72.75%

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31 December 2020	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Total Assets	2,077,351,292	409,281,549	652,771,125	(464,243,155)	2,675,160,811
Total Liabilities	1,332,687,606	297,054,191	609,628,703	(284,811,834)	1,954,558,666
Assets by Segments					
Investment Property	79,365,000	-	-	-	79,365,000
Total Tangible Assets (Net Book Value)	739,880,307	85,825,217	565,532,754	-	1,391,238,278
Right of Use Assets (Net Book Value)	201,736	-	-	-	201,736
Total Intangible Assets (Net Book Value)	13,503,076	18,970	40,436	-	13,562,482
Purchases of Tangible and Intangible Assets	67,547,084	2,149,952	109,893,454	-	179,590,490
Purchases of Investment Property	83,200	-	-	-	83,200
Depreciation Expenses	20,944,399	2,425,106	17,735,370	-	41,104,875
Detail of the Group's foreign currency assets and liabilities by segments					
Total Assets	258,741,473	6,428,390	5,329,333	-	270,499,196
Total Liabilities	856,167,039	182,065	515,633,216	-	1,371,982,320
Net Asset / (Liability) Position of Foreign Currency Derivative Instruments Out of the Statement of Financial Position	2,008,173	-	-	-	2,008,173
Net Foreign Currency Asset/ Liabilities	(595,417,393)	6,246,325	(510,303,883)	-	(1,099,474,951)
Detail of the Group's financial liabilities by division in currency					
Financial Payables	922,511,187	12,360,030	515,092,300	-	1,449,963,517
- USD	96,505,996	-	111,697,426	-	208,203,422
- EUR	660,353,507	-	403,394,874	-	1,063,748,381
- TRY	165,651,684	12,360,030	-	-	178,011,714
Export	1,142,107,357	34,121,719	-	-	1,176,229,076
Import	366,090,751	2,573,401	79,350,532	-	448,014,684
Total Debt	1,332,687,606	297,054,191	609,628,703	(284,811,834)	1,954,558,666
Cash Equivalents	(41,750,588)	(297,527)	(5,389,824)	-	(47,437,939)
Net Debt	1,290,937,018	296,756,664	604,238,879	(284,811,834)	1,907,120,727
Total Equity	744,663,686	112,227,358	43,142,422	(179,431,321)	720,602,145
Total Capital	2,035,600,704	408,984,022	647,381,301	(464,243,155)	2,627,722,872
Net Debt/Total Capital Ratio	63.42%	72.56%	93.34%		72.58%

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Information On The Geographical Region

On a country basis distribution of revenue obtained from the Group’s textile sector export activities are as follows:

Region	01.01.- 30.06.2021	01.01.- 30.06.2020
Germany	49%	64%
Italy	12%	8%
Netherlands	9%	7%
England	9%	3%
France	4%	3%
Russia	3%	4%
Poland	3%	2%
U.S.A.	2%	2%
China	1%	1%
Spain	1%	1%
Other	7%	5%
	100%	100%

Information About Major Clients

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. Even so, as of 30 June 2021, the share of the largest buyer in the revenue from textile sector operations is 38,79% (30 June 2020: 56,83%). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 85,61%.(30 June 2020: 85.39%) Domestic sales of dried fruits (grape, fig and apricot) produced by Menderes as subcontractors are made in accordance with the "Sales Agreement" signed between Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş., the related party of the Group and Osman Akça exports these products to different customers abroad.

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NOTE 4 – CASH AND CASH EQUIVALENTS

As of 30 June 2021 and 31 December 2020 the details of cash and cash equivalents are as follows:

	30.06.2021	31.12.2020
Cash	156,651	118,977
Banks	62,339,385	47,318,962
<i>Demand deposits</i>	<i>51,515,738</i>	<i>38,959,439</i>
<i>Time deposits</i>	<i>10,823,647</i>	<i>8,359,523</i>
	62,496,036	47,437,939

As of 30 June 2021 and 31 December 2020 maturity schedule of time deposits in the cash and cash equivalents are as follows:

	30.06.2021	31.12.2020
Within 1 month	10,823,647	8,359,523
	10,823,647	8,359,523

As of 30 June 2021, effective interest rates of time deposits in USD 1,53% and for EUR 0,76% (31 December 2020: TRY 19,38 %)

As of 30 June 2021, there is no deposit pledge on the Group's bank deposits. (31 December 2020 : None.)

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NOTE 5 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

a) Trade receivables from related parties (Note 6)

	30.06.2021	31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	96,029,413	147,033,353
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,288,463	1,660,298
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	8,640	-
Akçamen Tekstil A.Ş.	2,660	4,716
Selin Tekstil Sanayi ve Ticaret A.Ş.	-	3,539
Unearned Interests	(1,243,027)	(1,930,054)
	96,086,149	146,771,852

b) Trade payables to related parties (Note 6):

	30.06.2021	31.12.2020
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	267,363	-
Menderes Tekstil Pazarlama A.Ş.	166,706	122,761
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	-	3,007
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	372,781	-
Unearned Interests	(17,329)	(4,014)
	789,521	121,754

c) Other receivables from related parties (Note 8):

	30.06.2021	31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş. (*)	128,646,738	128,646,738
Akça Holding A.Ş.	670,738	-
	129,317,476	128,646,738

(*)It consists of the receivable with a due date of 31 December 2021 after the transfer of the shares of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

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d) Other payables to related parties (Note 8):

	30.06.2021	31.12.2020
Rıza Akça	129,990	85,050
Cemal İpekoğlu	24,972	-
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	325,324
Selin Tekstil Sanayi ve Ticaret A.Ş.	3,626,565	3,738,573
Akça Holding A.Ş.	-	889,051
Ahmet Bilge Goksan	40,828	-
Ali Atlamaz	35,924	-
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	13,887	236,972
	3,872,166	5,274,970

ii) Major sales to related parties and major purchases from related parties:

a) Sales to related parties:

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	206,338,930	137,453,348	106,130,301	60,757,795
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,706,356	1,499,702	827,573	212,861
Aktur Araç Muayene İstasyonları İşlet. A.Ş.	-	130	-	130
	208,045,286	138,953,180	106,957,874	60,970,786

b) Purchases from related parties

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	31,688,247	22,950,237	15,824,341	10,193,762
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	17,273	118	11,545	-
Aktur Araç Muayene İstasyonları İşlet. A.Ş.	3,471	3,522	2,183	1,954
Menderes Tekstil Pazarlama A.Ş.	2,542	-	2,542	-
	31,711,533	22,953,877	15,840,611	10,195,716

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iii) Other income and expenses resulting from transactions with related parties:

a) Benefits provided to senior management (Member of the board of directors, general manager and deputy general manager), gross:

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Benefits provided to senior management	790,313	575,580	511,529	297,983
	790,313	575,580	511,529	297,983

b) Service expenses paid to related parties:

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Akça Holding A.Ş.	469,232	475,990	238,537	228,140
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	331,531	213,396	254,385	116,879
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	6,200	23,413	6,200	8,673
	806,963	712,799	499,122	353,692

c) Rent income from related parties:

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	96,516	87,600	48,258	39,770
Akça Holding A.Ş.	81,516	72,600	40,758	36,300
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	73,428	65,400	36,714	32,700
Menderes Tekstil Pazarlama A.Ş.	3,366	3,000	1,683	1,500
Akçamen Tekstil Sanayi Ticaret A.Ş.	3,366	3,000	1,683	1,500
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	-	3,000	-	1,500
	258,192	234,600	129,096	113,270

d) Service income from related parties:

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	116,670	86,543	55,484	31,319
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	19,803	219,663	11,110	215,769
Aktur Araç Muayene İstasyonları İşlet. A.Ş.	-	58,750	-	58,750
Menderes Tekstil Pazarlama A.Ş.	-	1,134	-	-
	136,473	366,090	66,594	305,838

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e) Foreign exchange income from related parties (Note 28.1):

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	14,341,186	9,083,109	14,259,510	6,866,221
	14,341,186	9,083,109	14,259,510	6,866,221

f) Maturity difference received from related parties:

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	848,944	-	264,018	-
	848,944	-	264,018	-

g) Interest income from related parties (Note 28.1):

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	7,098,536	4,561	3,568,073	-
Akça Holding A.Ş.	47,632	99,495	42,013	-
	7,146,168	104,056	3,610,086	-

h) Foreign Exchange paid to related parties (Note 28.2):

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	7,370,250	-	-	-
	7,370,250	-	-	-

i) Interest Expences paid to related parties:

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	271,963	308,678	169,749	-
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	42,736	-	42,736	-
Akça Holding A.Ş.	17,214	700	-	700
	331,913	309,378	212,485	700

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NOTE 6 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	30.06.2021	31.12.2020
Trade receivables	115,961,734	124,720,747
Cheques and notes	7,311,432	2,260,644
Unearned interest on trade receivables	(1,275,309)	(985,119)
Doubtful trade receivables	425,842	425,842
Provision for doubtful receivables (-)	(425,842)	(425,842)
Income accruals	13,657,180	17,707,977
Trade Receivables From Third Parties	135,655,037	143,704,249
Trade receivables from related parties (Note 5)	97,238,284	148,612,837
Income accruals from related parties (Note 5)	90,892	89,069
Unearned interests on related party receivables (Note 5)	(1,243,027)	(1,930,054)
Trade Receivables From Related Parties	96,086,149	146,771,852
Total Short-Term Trade Receivables	231,741,186	290,476,101

As of 30 June 2021, the average maturity of trade receivables are 56 days. (31 December 2020: 41 days).

Maturity schedule of notes receivables as of 30 June 2021 and 31 December 2021 are as follows:

	30.06.2021	31.12.2020
1-30 days	1,043,138	83,813
31-60 days	38,000	478,000
61-90 days	986,559	257,245
91-120 days	1,593,885	542,250
121-150 days	1,513,192	491,503
151-180 days	639,364	370,555
181-210 days	261,156	25,000
211-240 days	783,468	12,278
241-270 days	452,670	-
	7,311,432	2,260,644

As of 30 June 2021 and 31 December 2020 provision for doubtful receivables movement schedule is as follows:

	30.06.2021	31.12.2020
Opening balance	425,842	65,554
Collections made during the period	-	360,288
Closing Balance	425,842	425,842

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Short Term Trade Payables

	30.06.2021	31.12.2020
Trade payables	237,389,865	177,821,420
Notes payables	18,014,587	30,719,504
Unearned interests on payables	(3,575,948)	(3,502,033)
Expense accruals	18,833,556	26,912,693
Trade Payables To Third Parties	270,662,060	231,951,584
Payables to related parties (Note 5)	806,850	125,768
Unearned interests on notes payables to related parties (Note 5)	(17,329)	(4,014)
Trade Payables to Related Parties	789,521	121,754
Total Short Term Trade Payables	271,451,581	232,073,338

As of 30.06.2021 ,the average maturity of trade payables are 66 days. (31 December 2020: 61 days).

As of 30 June 2021, the surety bond amounting to USD 15,344,613(TRY 133,557,927) and EUR 552,587 (TRY 5,727,289) were given for trade payables of the Group by bank. (31.12.2020: USD 8,700,032 (63,862,584TRY) and EUR 186,504(1,680,008 TRY)) (Note 19)

As of 30 June 2021 and 31 December 2020 maturity breakdown of notes payables are as follows:

	30.06.2021	31.12.2020
1 – 30 days	7,340,827	16,922,884
31 – 60 days	6,410,988	7,995,011
61 – 90 days	3,370,809	5,645,399
91 – 120 days	170,602	156,210
151 – 180 days	721,361	-
	18,014,587	30,719,504

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NOTE 7 – FINANCIAL BORROWINGS

	30.06.2021	31.12.2020
Short Term Borrowings:		
TRY borrowings	19,040,121	53,188,675
USD borrowings	104,722,184	29,464,772
EUR borrowings	233,207,088	273,405,266
Credit card liabilities (TRY)	104,664	85,779
Short Term Financial Borrowings	357,074,057	356,144,492
Lease Payables:		
TRY lease payables, net	4,206,984	3,909,971
EUR lease payables, net	3,136,352	4,654,414
Operating lease payable:		
Operating lease payables, net	90,787	221,308
Bank Borrowings:		
TRY borrowings	53,639,250	53,005,368
USD borrowings	93,619,469	28,916,315
EUR borrowings	377,855,670	223,139,739
Current Installments of Long-Term Borrowings	532,548,512	313,847,115
Long Term Lease Payables:		
TRY lease payables, net	18,965,808	21,124,853
EUR lease payables, net	-	701,821
Long Term Bank Borrowings:		
TRY borrowings	32,078,841	46,475,760
USD borrowings	105,435,545	149,822,335
EUR borrowings	461,494,107	561,847,141
Long Term Financial Borrowings	617,974,301	779,971,910
Total Financial Liabilities	1,507,596,870	1,449,963,517

As of 30 June 2021 and 31 December 2020 maturity analysis of borrowings and other financial borrowings are as follows:

	30.06.2021	31.12.2020
Within 3 months	248,064,730	146,647,191
Between 3 - 12 months	634,123,716	514,558,723
Between 1 - 5 years	428,174,761	587,685,697
More than 5 years	170,833,732	170,459,539
	1,481,196,939	1,419,351,150

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As of 30 June 2021 and 31 December 2020 maturity schedule of long term bank borrowings are as follows:

	30.06.2021	31.12.2020
Between 1-2 years	166,101,108	327,776,978
Between 2-3 years	112,390,317	110,570,721
Between 3-4 years	82,291,666	83,185,798
Between 4-5 years	67,391,670	66,152,197
Between 5-6 years	73,912,199	48,294,844
Between 6-7 years	21,592,607	40,802,788
Between 7-8 years	18,436,395	25,362,409
Between 8-9 years	15,609,463	13,668,123
Between 9-10 years	12,610,110	13,258,053
Between 10-11 years	9,788,729	8,557,023
Between 11-12 years	9,556,564	8,355,731
Between 12-13 years	9,327,665	8,155,783
Between 13-14 years	-	4,004,788
	599,008,493	758,145,236

As of 30 June 2021, effective interest rates for TRY, USD and EUR bank loans are 12,93%, 3.47 % and 2.75% (31 December 2020: TRY 8,91% USD 4,81% and EUR 2.71%).

The Group has guarantee by its shareholders and related companies in lending

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 134,950,000 (TRY 1,174,766,740), 25,000,000 EUR (TRY 259,112,500) and 132,310,000 TRY.

As of 30 June 2021 and 31 December 2020 the details of financial leasing borrowings of Group are as follows:

	30.06.2021	31.12.2020
Short term lease payables	10,729,603	12,347,806
Cost of deferred lease payables (-)	(3,386,267)	(3,783,421)
	7,343,336	8,564,385
	30.06.2021	31.12.2020
Long term lease payables	24,307,077	28,759,407
Cost of deferred lease payables (-)	(5,341,269)	(6,932,733)
	18,965,808	21,826,674

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As of 30 June 2021, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	10,729,603	(3,386,267)	7,343,336
Between 1 – 2 years	7,479,162	(2,624,888)	4,854,274
Between 2 – 3 years	7,479,060	(1,810,219)	5,668,841
Between 3 – 4 years	7,479,060	(858,461)	6,620,599
Between 4 – 5 years	1,869,795	(47,701)	1,822,094
	35,036,680	(8,727,536)	26,309,144

As of 31 December 2020, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	12,347,806	(3,783,421)	8,564,385
Between 1 – 2 years	8,191,962	(2,998,017)	5,193,945
Between 2 – 3 years	7,479,060	(2,233,338)	5,245,722
Between 3 – 4 years	7,479,060	(1,352,854)	6,126,206
Between 4 – 5 years	5,609,325	(348,524)	5,260,801
	41,107,213	(10,716,154)	30,391,059

As of 30 June 2021 , details of operating lease payables are as follows:

	30.06.2021	31.12.2020
Operating lease payables	90,787	221,308
	90,787	221,308

As of 30 June 2021 and 31 December 2020, the repayment schedule of operating lease payables are as follows:

	30.06.2021	31.12.2020
Between 0 – 1 years	90,787	221,308
	90,787	221,308

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NOTE 8 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	30.06.2021	31.12.2020
Deposit and guarantees given	1,546,580	783,651
VAT return receivables	7,263,065	9,761,503
Other receivables	306,167	25,990
Other Receivables from Third Parties	9,115,812	10,571,144
Receivables from shareholders (Note 5)	129,317,476	128,646,738
Other Receivables From Related Parties	129,317,476	128,646,738
Total Other Current Receivables	138,433,288	139,217,882

Other Non-Current Receivables

	30.06.2021	31.12.2020
Deposits and guarantees given	139,006	120,830
	139,006	120,830

Other Current Payables

	30.06.2021	31.12.2020
Deposit and guarantees received	34,400	22,400
Taxes and funds payable	1,997,975	6,078,340
Other various debts	50,826	48,767
Other Payables to Third Parties	2,083,201	6,149,507
Payables to shareholders (Note 5)	245,601	1,211,073
Payables to related parties (Note 5)	3,626,565	4,063,897
Other Payables to Related Parties	3,872,166	5,274,970
Total Other Current Payables	5,955,367	11,424,477

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NOTE 9 –DERIVATIVE INSTRUMENTS

	30.06.2021	31.12.2020
Income accrual from forward exchange	231,904	173,048
	231,904	173,048
	30.06.2021	31.12.2020
Expense accruals of forward exchange	-	94,875
	-	94,875

NOTE 10 – INVENTORIES

	30.06.2021	31.12.2020
Raw materials	203,264,607	136,109,419
Semi-finished products	213,274,181	149,816,954
Finished goods	131,371,519	52,946,862
Trade goods	683,062	762,416
Other inventories	-	13,275,090
Agricultural products (Figs, Apricot and Grape)	58,411,997	148,719,943
	607,005,366	501,630,684

All inventories of the Group are covered by insurance coverage.

NOTE 11 – BIOLOGICAL ASSETS

Current Biological Assets

	30.06.2021	31.12.2020
Biological assets (Tomato)	279,542	6,361,162
	279,542	6,361,162

The Group’s biological assets consist of tomatoes. Tomatoes in growing process have been shown in the consolidated financial statements with their cost and after impairment provisions (if any) since they do not have any active markets.

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NOTE 12 – PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	30.06.2021	31.12.2020
Order advances given	14,804,847	2,117,570
Prepaid expenses	2,819,545	3,905,720
Advances given for business purposes	2,379	11,911
	17,626,771	6,035,201

Long Term Prepaid Expenses

	30.06.2021	31.12.2020
Advances given for purchases of tangible assets	622,649	614,078
Prepaid expenses	397,205	405,380
	1,019,854	1,019,458

Short Term Deferred Income

	30.06.2021	31.12.2020
Advances received	24,173,119	7,748,434
Deferred income	7,307,342	14,489,714
	31,480,461	22,238,148

NOTE 13 – ASSETS RELATED TO CURRENT PERIOD TAX

	30.06.2021	31.12.2020
Prepaid taxes and funds	692,591	1,143,958
	692,591	1,143,958

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NOTE 14 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD

As of 30 June 2021 and 31 December 2020 the companies accounted by equity pick up method are as follows:

	30.06.2021	Share (%)	31.12.2020	Share (%)
Aktur İzmir Gayrimenkul A.Ş.	53,167,103	48%	52,953,647	48%
	53,167,103		52,953,647	

The total assets, liabilities and owner’s equity of the investments which are evaluated by equity pick up method with their summary of income statement related to the periods ended 30 June 2021 and 31 December 2020 are as follows:

	30.06.2021	31.12.2020
Current assets	1,237,848	387
Non-current assets	120,177,806	120,206,237
Total Assets	121,415,654	120,206,624
Current liabilities	703,782	3,595
Non-current liabilities	9,947,075	9,882,932
Parent company’s equity	110,764,797	110,320,097
Total Assets	121,415,654	120,206,624
Sales, net	790,887	--
Net profit / (loss)	444,701	(13,556)

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NOTE 15 – INVESTMENT PROPERTIES

Cost Value	Lands	Total
01 January 2020 opening balance	66,075,000	66,075,000
Additions	83,200	83,200
Fair value	12,786,667	12,786,667
Transfers	420,133	420,133
31 December 2020 closing balance	79,365,000	79,365,000
Additions	-	-
30 June 2021 closing balance	79,365,000	79,365,000
31.12.2020, Net Book Value	79,365,000	79,365,000
30.06.2021, Net Book Value	79,365,000	79,365,000

The Group’s investment properties consist of lands with zoning permits. The details of the properties are as follows;

	Manisa	İzmir
As of 01 January 2020	2,600,000	63,475,000
Transfers	-	420,133
Additions	-	83,200
Value Decrease/increase	400,000	12,386,667
As of 31 December 2020	3,000,000	76,365,000
Additions	-	-
As of 30 June 2021	3,000,000	76,365,000

As of 30 June 2021, the lands that are shown as investment property are revaluated by Rota Gayrimenkul Değerleme ve Danışmanlık A.Ş. The fair values determined in the valuation studies carried out on 31 December 2020 are reflected in the accompanying consolidated financial statements.

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NOTE 16 – TANGIBLE ASSETS

Cost Value	Land	Land Improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Special costs	Total
01 January 2020 opening balance	4,765,171	82,676,506	106,877,046	527,142,561	3,380,347	17,404,860	47,823,197	9,175	790,078,863
Additions	-	17,000	55,899	5,009,558	1,078,930	651,139	172,550,195	-	179,362,721
Disposals	-	-	-	(1,101,521)	(86,247)	(27,605)	-	-	(1,215,373)
Transfers	(403,653)	(13,892,482)	1,312,757	189,139,344	-	-	(181,303,963)	-	(5,147,997)
Impairment	-	-	(7,754,809)	-	-	-	-	-	(7,754,809)
Gain on revaluation of property	79,488,282	-	128,406,907	263,551,229	-	-	-	-	471,446,418
31 December 2020 closing balance	83,849,800	68,801,024	228,897,800	983,741,171	4,373,030	18,028,394	39,069,429	9,175	1,426,769,823
Additions	-	-	-	2,698,702	4,228,833	624,734	4,935,788	-	12,488,057
Disposals	-	-	-	(1,569,432)	(554,675)	(12,969)	(241,437)	-	(2,378,513)
Transfers	-	-	813,698	29,298,977	-	-	(33,230,188)	-	(3,117,513)
Gain on revaluation of property	-	84,912,814	-	(22,936,867)	-	-	-	-	61,975,947
30 June 2021 closing balance	83,849,800	153,713,838	229,711,498	991,232,551	8,047,188	18,640,159	10,533,592	9,175	1,495,737,801
Accumulated Depreciation									
01 January 2020 opening balance	-	29,777,343	23,342,898	236,641,372	1,347,938	11,577,509	-	2,752	302,689,812
Additions	-	3,767,999	2,187,460	31,330,131	72,344	1,784,767	-	1,835	39,144,536
Disposals	-	-	-	(739,541)	(33,061)	(23,925)	-	-	(796,527)
Transfers	-	(12,743,956)	-	12,743,956	-	-	-	-	-
Gain on revaluation of property	-	-	(25,530,358)	(279,975,918)	-	-	-	-	(305,506,276)
31 December 2020 closing balance	-	20,801,386	-	-	1,387,221	13,338,351	-	4,587	35,531,545
Additions	-	1,946,556	3,721,075	44,434,044	204,690	779,999	-	918	51,087,282
Disposals	-	-	-	(1,148,854)	(480,703)	(8,104)	-	-	(1,637,661)
Gain on revaluation of property	-	(22,747,942)	-	(5,299,469)	-	-	-	-	(28,047,411)
30 June 2021 closing balance	-	-	3,721,075	37,985,721	1,111,208	14,110,246	-	5,505	56,933,755
31.12.2020, Net Book Value	83,849,800	47,999,638	228,897,800	983,741,171	2,985,809	4,690,043	39,069,429	4,588	1,391,238,278
30.06.2021, Net Book Value	83,849,800	153,713,838	225,990,423	953,246,830	6,935,980	4,529,913	10,533,592	3,670	1,438,804,046

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As of 30 June 2021, the depreciation expense of tangible assets for the period is TRY 51,087,282(31 December 2020: TRY 39,144,536).

As of 30 June 2021, fixed assets are insured by TRY 27,008,740, EUR 37,958,700 (TRY 393,422,946), USD 167,190,501 (TRY 1,455,426,749). (31 December 2020: TRY 22,017,716, EUR 37,956,200 (TRY 341,905,654), USD 173,233,792 (TRY 1,271,622,650)).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 134,950,000 (TRY 1,174,766,740), EUR 25,000,000 (TRY 259,112,500) and TRY 132,310,000.

As of 30 June 2021, net book value of leasing machines is TRY 43,640,074 (31.12.2020: 15,184,269 TRY).

As of 30 June 2021 and 31 December 2020, the Group has no borrowing costs.

NOTE 17 – RIGHT OF USE ASSETS

Cost Value	Lands	Buildings	Plants	Vehicles	Total
01 January 2020 opening balance	216,676	419,777	158,360	1,180,687	1,975,500
Disposals	(216,676)	-	-	-	(216,676)
31 December 2020 closing balance	-	419,777	158,360	1,180,687	1,758,824
Additions	-	-	-	-	-
30 June 2021 closing balance	-	419,777	158,360	1,180,687	1,758,824
Accumulated Depreciation					
01 January 2020 opening balance	43,335	226,034	127,568	631,200	1,028,137
Additions	-	193,743	30,792	347,751	572,286
Disposals	(43,335)	-	-	-	(43,335)
31 December 2020 closing balance	-	419,777	158,360	978,951	1,557,088
Additions	-	-	-	121,041	121,041
30 June 2021 closing balance	-	419,777	158,360	1,099,992	1,678,129
31.12.2020, Net Book Value	--	--	--	201,736	201,736
30.06.2021, Net Book Value	--	--	--	80,695	80,695

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NOTE 18 – INTANGIBLE ASSETS

Cost Value	Rights	Research and Development Expenses	Other Intangible Assets	Total
01 January 2020 opening balance	703,167	10,833,888	1,036,698	12,573,753
Additions	227,769	-	-	227,769
Transfers	(3,755)	4,714,839	16,780	4,727,864
31 December 2020 closing balance	927,181	15,548,727	1,053,478	17,529,386
Additions	169,689	-	75	169,764
Transfers	-	3,117,513	-	3,117,513
30 June 2021 closing balance	1,096,870	18,666,240	1,053,553	20,816,663
Accumulated Depreciation				
01 January 2020 opening balance	401,778	1,358,073	819,000	2,578,851
Additions	123,316	1,170,462	94,275	1,388,053
Transfers	(15,543)	-	15,543	-
31 December 2020 closing balance	509,551	2,528,535	928,818	3,966,904
Additions	108,197	881,353	10,258	999,808
30 June 2021 closing balance	617,748	3,409,888	939,076	4,966,712
31.12.2020, Net Book Value	417,630	13,020,192	124,660	13,562,482
30.06.2021, Net Book Value	479,122	15,256,352	114,477	15,849,951

As of 30 June 2021, the amortization expense of intangible assets for the period is TRY 999,808 (31 December 2020: TRY 1.388,053).

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NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 30 June 2021 and 31 December 2020, the Group's guarantee / security / mortgage (“GSM”) position are as follows:

Guarantees, security and mortgage “(GSM)” given by the Group	30.06.2021	31.12.2020
A. Total Amount of GSM given on behalf of legal entity	3,465,340,945	3,068,291,966
B. Total Amount of GSM given for partnerships which included in full consolidation	None	224,752,894
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
<i>i. Total Amount of GSM given for the Parent Group</i>	None	None
<i>ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses</i>	None	None
<i>iii. Total Amount of GSM Given for Third Parties not Included in C Clause</i>	None	None
Total	3,465,340,945	3,293,044,860

As of 30 June 2021, details of mortgage on lands and buildings given to financial institutions are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	TRY	97,310,000	1.0000	97,310,000
Türkiye Vakıflar Bankası T.A.O	USD	134,950,000	8.7052	1,174,766,740
Türkiye Vakıflar Bankası T.A.O	EUR	25,000,000	10.3645	259,112,500
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	TRY	35,000,000	1.0000	35,000,000
				1,566,189,240

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As of 30 June 2021, details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Electricity and Natural Gas Distribution Companies	TRY	3,238,966	1.0000	3,238,966
Energy Market Regulatory Authority	TRY	25,902	1.0000	25,902
Customs Administration	TRY	15,354,800	1.0000	15,354,800
Credit Guarantee	USD	9,702,000	8.7052	84,457,850
Credit Guarantee	EUR	36,125,760	10.3645	374,425,440
Employment commitment	TRY	160,000	1.0000	160,000
Food, Agriculture Livestock Directorate	TRY	625,669	1.0000	625,669
Public Institutions	TRY	3,825,372	1.0000	3,825,372
				482,113,999

As of 30 June 2021, bank details of the guarantee letters given are as follows:

Bank Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	22,717,335	1.0000	22,717,335
Türkiye Vakıflar Bankası T.A.O.	EUR	11,825,760	10.3645	122,568,090
Türkiye Vakıflar Bankası T.A.O.	USD	6,600,000	8.7052	57,454,320
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Halk Bank A.Ş.	USD	3,000,000	8.7052	26,115,600
Halk Bank A.Ş.	EUR	24,300,000	10.3645	251,857,350
Türkiye Finans Katılım Bankası A.Ş.	USD	102,000	8.7052	887,930
Türkiye İş Bankası A.Ş.	TRY	455,374	1.0000	455,374
				482,113,999

As of 30 June 2021, avals which are given to trade receivables by the Group are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	USD	15,344,613	8.7052	133,577,927
Türkiye Vakıflar Bankası T.A.O	EUR	552,587	10.3645	5,727,289
				139,305,216

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As of 30 June 2021, bank details of the general borrowing contracts are as follows:

General Borrowing Contracts:	FX Currency	FX Amount	FX Rate	TRY Equivalent
Albarakaturk A.Ş.	TRY	15,000,000	1.0000	15,000,000
Denizbank A.Ş.	USD	9,000,000	8.7052	78,346,800
Eximbank A.Ş.	USD	25,000,000	8.7052	217,630,000
Finansbank A.Ş.	TRY	13,000,000	1.0000	13,000,000
Halk Bankası A.Ş.	TRY	10,000,000	1.0000	10,000,000
İşbankası A.Ş.	USD	9,500,000	8.7052	82,699,400
Odea Bank A.Ş.	TRY	33,000,000	1.0000	33,000,000
Şekerbank A.Ş.	USD	3,750,000	8.7052	32,644,500
Şekerbank A.Ş.	TRY	2,500,000	1.0000	2,500,000
Şekerbank A.Ş.	EUR	7,500,000	10.3645	77,733,750
Türkiye Finans katılım Bankası A.Ş.	TRY	30,000,000	1.0000	30,000,000
Akbank T.A.Ş.	TRY	4,000,000	1.0000	4,000,000
Vakıfbank A.Ş.	USD	65,000,000	8.7052	565,838,000
Turkland Bank A.Ş.	TRY	15,000,000	1.0000	15,000,000
Arap Türk Bankası A.Ş.	USD	2,000,000	8.7052	17,410,400
				1,194,802,850

As of 30 June 2021, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Eximbank	USD	1,770,000	8.7052	15,408,204
Eximbank	EUR	3,305,125	10.3645	34,255,968
Eximbank	TRY	1,115,000	1.0000	1,115,000
				50,779,172

As of 30 June 2021, bank details of the bonds are as follows:

Bond	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türk Eximbank	USD	4,400,000	8.7052	38,302,880
Türk Eximbank	EUR	2,202,527	10.3645	22,828,091
Türkiye Cumhuriyeti Merkez Bankası	USD	5,500,000	8.7052	47,878,600
Türkiye Cumhuriyeti Merkez Bankası	EUR	6,025,000	10.3645	62,446,113
				171,455,684

There is no guarantee given by the Group for the loans in favor of related parties. For credit contracts of the Group USD 114,250,000 (TRY 994,569,100), EUR 7,500,000 (TRY 77,733,750) and TRY 122,500,000 guarantee are provided by related parties (Akça Holding and Osman Akça) (31 December 2020: USD 114,250,000 (TRY 838,652,125), EUR 7,500,000 (TRY 67,559,250) and TRY 122,500,000

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NOTE 20 – PROVISIONS

Other Short Term Provisions

	30.06.2021	31.12.2020
Provision for the lawsuits	4,241,784	2,961,869
Provision for unused vacation	10,032,745	6,213,323
	14,274,529	9,175,192

	30.06.2021	31.12.2020
Unused vacation provisions at beginning of period	6,213,323	6,735,719
Provisions reversed during the period	-	(643,679)
Provisions during the period	3,819,422	121,283
Closing balance	10,032,745	6,213,323

Long Term Provisions for Employee Benefits

	30.06.2021	31.12.2020
Provision for severance pay	63,601,548	57,822,309
	63,601,548	57,822,309

For the period of 01 January – 30 June 2021, the average personnel number including subcontractors employed by the Group is 3,969 (01.01-31.12.2020: 4,378). The rate of retirement probability used is 96%. (01.01-31.12.2020: % 96).

For the period ended at 30 June 2021 and 31 December 2020 the movement schedule of severance pay provision is as follows:

	30.06.2021	31.12.2020
Balance of 01 January	57,822,309	48,560,363
Increase in the period	6,953,524	22,938,676
Interest cost	1,294,942	2,933,283
Payments during the period	(4,191,626)	(9,815,940)
Actuarial profit/(loss)	1,722,399	(6,794,073)
Balance at the end of the period	63,601,548	57,822,309

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NOTE 21 – EMPLOYEE BENEFIT LIABILITIES

	30.06.2021	31.12.2020
Due to personnel	21,984,548	21,037,453
Social security deductions payable	5,291,034	4,692,044
	27,275,582	25,729,497

NOTE 22 – OTHER CURRENT ASSETS AND LIABILITIES

Other Current Assets

	30.06.2021	31.12.2020
VAT carried forward	88,249,890	81,443,792
	88,249,890	81,443,792

NOTE 23 – SHARE CAPITAL

23.1 Paid in Capital

As of 30 June 2021 and 31 December 2020, Group’s paid in capital was divided into 250,000,000 shares as each valued at TRY 0,01 nominally 25,000,000,000 shares.

As of 30 June 2021 and 31 December 2020, Group’s paid in capital is as follows:

	30.06.2021		31.12.2020	
Shareholders:	Share (%)	TRY	Share (%)	TRY
Public Offered Shares	46.78%	116,949,944	46.88%	117,189,944
Akça Holding A.Ş.	50.83%	127,069,500	50.73%	126,829,500
Other	2.39%	5,980,556	2.39%	5,980,556
Total	100.00%	250,000,000	100.00%	250,000,000

According to Group’s main article of association, more than half of the Members of Board required to be elected from the candidates which are pointed out from A Group shareholders (TRY 100,000).

23.2 Inflation Adjustments of Shareholders’ Equity

	30.06.2021	31.12.2020
Inflation adjustment of shareholders’ equity	860,487	485,133
	860,487	485,133

Adjustment of shareholders’ equity is the difference between the total amount of cash additions made to the capital, adjusted according to the TAS/TFRS’s published by the POA and the amounts before the adjustment.

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23.3 Impact of mergers involving jointly controlled enterprises or businesses

	30.06.2021	31.12.2020
Effect of mergers involving undertakings or businesses subject to common control	-	(70,487,372)
	-	(70,487,372)

23.4 Accumulated Other Comprehensive Income/(Expenses) not to be reclassified on Profit or Loss

23.4.1 Gain on revaluation of properties

	30.06.2021	31.12.2020
Gain on revaluation of properties	721,039,934	638,436,962
	721,039,934	638,436,962

The movement schedule for gains/(losses) on revaluation and remeasurement is as follows:

	01.01.- 30.06.2021	01.01.- 30.06.2020
1 January (Beginning of period)	638,436,962	-
Increase in value on fixed asset	90,023,358	782,652,561
Transfer to minority shares	(181,790)	(11,597,629)
Deferred tax effect	(7,238,596)	(132,617,970)
	721,039,934	638,436,962

The Group has revaluated all of the lands and buildings to their fair values in accordance with TAS 16, Property, Plant and Equipment as of 30 June 2021 and 31 December 2020 and included the revaluation increase amounting to TRY 1,416,800,891 (31 December 2020: TRY 1,296,488,771 TRY) in consolidated financial statements (Note 16).

The "direct capitalization method, which is a market approach and income approach method" has been used in determining the fair value of the Group's lands and buildings. The "Cost Approach Method" was used in determining the fair values of the plant, machinery and devices.

The fair value increases TRY 721,039,934 (31 December 2020: TRY 638,436,962) from revaluation of tangible assets are recognized in gain on revaluation of properties account which is under equity, after the netting of the deferred tax effect.

Valuation studies of the land and buildings of Aktur İzmir Gayrimenkul A.Ş., which is consolidated by equity pick up method, were carried out by Rota Taşınmaz Değerleme ve Danışmanlık A.Ş., an organization accredited to the CMB. The group's valuation of machinery, plant and equipments was carried out by LAL Gayrimenkul Değerleme ve Müşavirlik A.Ş. and Aden Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi, an organization accredited to the CMB.

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23.4.2 Defined Benefit Plans Re-Measurement Gains (Losses)

	30.06.2021	31.12.2020
Defined Benefit Plans Re-Measurement Gains (Losses)	4,007,625	5,377,107
	4,007,625	5,377,107

23.5 Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss

23.5.1 Shares of Other Comprehensive Income of Investments Valued by Equity Pick Up Method Not to be Classified in Profit or Loss

	30.06.2021	31.12.2020
Shares of Other Comprehensive Income of Investments Valued by Equity Pick Up Method Not to be Classified in Profit or Loss	42,649,562	42,649,562
	42,649,562	42,649,562

Increases resulting from the revaluation of the investment properties of Aktur İzmir Gayrimenkul A.Ş., the subsidiary of the Group, which is consolidated with equity pick up method, deferred tax effect on the revaluation increases (decreases) of the investments valued by equity pick up method included in the equity group in the balance sheet. It is recorded as 42,649,562 TRY after clarification.

23.6 Restricted Reserves

According to the Turkish Commercial Code, the general statutory reserves are allocated as 5% of the annual profit until 20% of the Group 's paid-up capital is reached. The other legal reserves are allocated at a rate of 10% of the total amount to be distributed to the shareholders after paying the shareholders a profit share of five percent. According to the Turkish Commercial Code, general legal reserves can only be used to cover losses, to keep operating at a time when things are not going well, or to take measures to prevent unemployment and mitigate its consequences, if it does not exceed the half of capital or capital removed.

	30.06.2021	31.12.2020
Legal reserves	10,340,261	10,147,245
	10,340,261	10,147,245

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5 %, until the total reserve reaches a maximum of 20 % of the Group's share capital. The second legal reserve is appropriated at the rate of 10 % of all distributions in excess of 5 % of the Group's share capital. The first and second legal reserves are not available for distribution unless they exceed 50 % of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

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Profit Distribution

Public companies distribute their profit shares according to the Communiqué No: II-19.1, which is effective from 1 February 2014 of the CMB.

The partnerships distribute their profits within the framework of the profit distribution policies to be determined by the general assemblies and in accordance with the provisions of the related legislation by the decision of the general assembly. Within the scope of the said communiqué, a minimum distribution ratio has not been determined. Companies pay dividends in the manner specified in their articles of incorporation or profit distribution policies. In addition, dividends may be paid in installments of equal or different consistency, and cash dividend advances may be distributed over the profit on the interim period financial statements.

Unless the dividends determined according to the TCC are reserved for the shareholders in the Articles of Association or in the profit distribution policy; the profit share determined for the shareholders cannot be distributed to the shareholders as long as the dividend determined for the shareholders is paid in cash, as it is not decided whether the other reserves will be allocated, the profit will be distributed to the beneficiaries, the members of the board of directors, partnership employees and persons other than the shareholders.

23.7 Retained Earnings/ Losses

The accumulated profits other than net period profit are shown in this item. Extraordinary reserves which are essentially accumulated profits and therefore unrestricted are also considered to be accumulated profits and are shown in this item.

	30.06.2021	31.12.2020
Previous Years Profits/(Losses)	(243,093,206)	(77,913,133)
	(243,093,206)	(77,913,133)

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23.8 Minority Interest

The details of the minority interests as of 30 June 2021 are as follows

30 June 2021	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Group Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	83,573,062	5,792,300	79.17%	20.83%	17,411,054	1,206,729	1,380,082
					17,411,054	1,206,729	1,380,082

The details of the minority interests as of 31 December 2020 are as follows:

31 December 2020	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Group Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	76,948,669	9,948,660	79.17%	20.83%	16,030,972	2,072,638	13,699,603
					16,030,972	2,072,638	13,699,603

As of 30 June 2021 and 31 December 2020, the details of non-controlling interests are as follows:

	30.06.2021	31.12.2020
Shares in capital	2,500,000	2,500,000
Revaluation fund	11,779,419	11,597,629
Actuarial loss / (gain)	17,797	26,234
Shares in accumulated profit / (losses)	1,907,109	(165,529)
Share in profit / (loss) for the period	1,206,729	2,072,638
	17,411,054	16,030,972

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NOTE 24 – SALES AND COST OF SALES

24.1 Sales

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Domestic sales	403,715,351	271,871,702	204,227,867	125,090,167
Export sales	437,038,344	351,427,404	245,224,744	166,011,391
Other sales	7,800,010	3,469,129	2,368,153	1,759,034
	848,553,705	626,768,235	451,820,764	292,860,592
Sales returns	(869,744)	(858,011)	(191,599)	(485,730)
Other discounts	(4,335,467)	(2,991,373)	(2,547,428)	(1,433,748)
Sales Income, (net)	843,348,494	622,918,851	449,081,737	290,941,114

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24.2 Cost of Sales

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Direct material expenses	403,836,766	334,167,223	251,064,466	154,144,881
Direct labor expenses	91,457,898	95,104,641	50,608,933	45,959,925
General production expenses	48,286,997	34,644,169	32,918,596	17,186,842
Depreciation expenses	24,199,454	8,981,895	7,880,213	4,404,917
<u>Change in semi-finished goods</u>				
1. Beginning semi-finished goods(+)	149,816,954	174,959,398	-	-
2. Ending semi-finished goods (-)	(213,274,181)	(228,371,924)	(25,232,260)	(32,894,132)
Cost of finished goods produced	504,323,888	419,485,402	317,239,948	188,802,433
<u>Changes in finished goods inventory</u>				
1. Beginning inventory (+)	52,946,862	27,181,623	607,576	-
2. Ending inventory (-)	(131,371,519)	(88,901,574)	(85,991,414)	(43,480,715)
Cost of finished goods sold	425,899,231	357,765,451	231,856,110	145,321,718
<u>Cost of merchandises</u>				
1. Beginning merchandise inventory (+)	762,416	348,368	-	-
2. Purchases during the period (+)	2,311,068	4,001,930	1,648,652	1,760,426
3. Ending merchandise inventory (-)	(683,062)	(2,012,359)	(252,790)	(1,303,810)
Cost of merchandises sold	2,390,422	2,337,939	1,395,862	456,616
Cost of other service rendered	538,827	499,384	281,079	252,990
Cost of other sales	184,862,486	133,646,133	89,459,545	60,222,847
Cost of biological assets	24,059,016	14,726,022	13,530,106	9,065,842
Depreciation of biological assets	3,402,788	1,210,850	1,717,432	606,360
Energy costs	25,525,851	19,276,314	12,115,356	10,516,553
Energy depreciation	24,090,036	7,450,181	16,514,659	4,295,593
Cost of sales, net	690,768,657	536,912,274	366,870,149	230,738,519

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As of 01 January – 30 June 2021 and 2020, for each main production group, quantities of goods and services

	Unit	01.01.- 30.06.2021	01.01.- 30.06.2020
Yarn	Kg	6,079,369	5,533,807
Raw Clothing	Mt2	59,631,622	51,914,763
Finishing Cloth	Mt2	75,611,339	82,750,018
Lining	Mt2	7,270,709	6,366,253
Linens, Sheets, Curtains, Pillows.	Quantity	8,181,510	8,492,896
Electricity	Kwh	150,223,713	109,395,300
Cotton Waste	Kg	112,514	160,561
Piece of Cloth	Kg	1,240,031	1,549,835
Yarn Waste	Kg	422,140	189,840
Textile Trash Powder	Kg	79,880	36,420
Tomato	Kg	2,059,822	3,762,166
Dried Figs	Kg	4,171,782	3,645,148
Dried Apricot	Kg	411,790	340,852
Dried Grape	Kg	7,539,209	6,928,212

As of 01 January 30 June 2021 and 2020, for each main sales group, quantities of goods and services:

	Unit	01.01.- 30.06.2021	01.01.- 30.06.2020
Yarn	Kg	117,959	160,085
Raw Clothing	Mt2	-	333
Finishing Cloth	Mt2	8,868,163	8,329,596
Lining	Mt2	7,425,092	7,528,482
Linens, Sheets, Curtains, Pillows	Quantity	7,266,414	7,602,751
Electricity	Kwh	115,309,436	85,552,360
Cotton Waste	Kg	137,190	221,690
Piece of Cloth	Kg	1,274,520	1,482,035
Yarn Waste	Kg	422,140	189,840
Textile Trash Powder	Kg	57,880	36,420
Tomato	Kg	2,337,567	3,770,507
Dried Figs	Kg	4,171,782	3,645,148
Dried Apricot	Kg	411,790	340,852
Dried Grape	Kg	7,539,209	6,928,212

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NOTE 25 – RESEARCH AND DEVELOPMENT GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Research and development expenses	6,561,145	952,111	524,278	-
Marketing, sales and distribution expenses	23,917,961	18,019,950	14,046,813	8,980,153
General administrative expenses	19,394,212	16,253,900	6,702,069	7,960,813
	49,873,318	35,225,961	21,273,160	16,940,966

25.1 Research and Development Expenses

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Direct Material expenses	1,819,612	399,695	-	-
Personnel expenses	4,046,941	503,604	524,278	-
Other expenses	694,592	48,812	-	-
	6,561,145	952,111	524,278	-

25.2 Marketing Expenses

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Personnel expenses	6,339,617	5,633,468	3,644,775	2,873,839
Export expenses	15,331,907	9,365,591	8,880,002	5,294,721
Domestic sales transportation expense	523,903	1,545,283	298,687	280,545
Depreciation expenses	46,622	208,844	14,417	137,514
Other expenses	1,675,912	1,249,211	1,209,072	393,534
Fair expense	-	17,553	(140)	-
	23,917,961	18,019,950	14,046,813	8,980,153

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25.3 General Administrative Expenses

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Personnel expenses	12,429,209	8,799,476	3,783,533	4,465,971
Insurance expenses	1,128,038	928,200	629,590	495,091
Education and consultancy expenses	1,364,555	837,531	636,030	450,671
Office expenses	268,957	296,270	130,622	26,140
Capital market expenses	174,990	108,482	89,474	160
Repair and maintenance expenses	96,413	39,635	78,776	14,279
Travelling expenses	165,389	244,493	99,515	72,497
Membership expenses	290,292	120,081	171,168	53,020
Tax and duty expenses	1,216,918	1,194,208	192,874	184,744
Shares in holding cost (*)	584,167	592,622	296,876	285,398
Provision for litigation expenses	118,031	-	111,327	-
Provision for severance pay expense	44,026	717,889	16,937	404,857
Provision for unused personnel leave	64,269	608,446	(44,443)	286,943
Depreciation expenses	469,231	827,527	159,728	519,538
Other expenses	979,727	939,040	350,062	701,504
	19,394,212	16,253,900	6,702,069	7,960,813

(*) Regarding expenses consists of personnel expenses reflected to the Group by Akça Holding.

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NOTE 26 – OTHER OPERATING INCOME/ (EXPENSES)

26.1 Other Income From Operating Activities

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Reversal of unnecessary provision	144,485	16,949	36,730	-
Insurance compensation income	-	577,184	-	577,184
Foreign exchange gains related to commercial activities	34,439,934	9,388,015	4,916,972	2,195,213
Discount income / expenses on payables, net	6,508,450	3,049,703	354,522	347,408
Foreign exchange gains from related parties related to commercial activities (Note 5)	848,944	-	264,018	-
Turnover premium income	70,371	-	-	-
Foreign exchange gains from related parties related to commercial activities (Note 5)	14,341,186	9,083,109	14,259,510	6,866,221
Rental income	531,664	370,281	271,900	233,471
Other income and profit	2,434,070	1,739,032	1,848,958	592,268
	59,319,104	24,224,273	21,952,610	10,811,765

26. Other Expenses From Operating Activities (-)

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Foreign exchange expenses from related parties related to commercial activities(Note 5)	7,370,250	-	-	-
Foreign exchange expenses related to commercial activities	19,487,519	19,360,678	217,809	1,921,969
Discountincome/expenses on receivables,net	6,024,383	4,365,145	(501,054)	(6,627)
Other expenses and losses	3,013,969	310,664	2,161,702	90,447
Donation expenses	246,042	1,152,735	211,424	1,055,028
	36,142,163	25,189,222	2,089,881	3,060,817

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NOTE 27 – INVESTMENT ACTIVITIES INCOME / EXPENSE

27.1 Income from Investment Activities

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04- 30.06.2021	01.04- 30.06.2020
Profit on sale of fixed assets	2,833,394	8,200	1,060,701	3,300
	2,833,394	8,200	1,060,701	3,300

27.2 Expense from Investment Activities

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04- 30.06.2021	01.04- 30.06.2020
Expense on sale of fixed assets	817	-	817	-
	817	-	817	-

27.3 Profit / Loss From Investments Evaluated by Equity Pick-up Method

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04- 30.06.2021	01.04- 30.06.2020
Shares related with investment valued by equity pick-up method	213,456	4,678,175	86,268	1,238,880
	213,456	4,678,175	86,268	1,238,880

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NOTE 28 – FINANCIAL INCOME / EXPENSES

28.1 Financial Income

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Interest income	1,044,067	722,613	612,501	452,024
Maturity differences income from related parties (Note 5)	7,146,168	104,056	3,610,086	-
Foreign exchange income regarding financial activities	18,766,574	6,453,894	4,832,524	3,809,086
Exchange difference income from futures contracts	538,991	639,350	244,984	181,825
	27,495,800	7,919,913	9,300,095	4,442,935

28.2 Financial Expenses (-)

	01.01.- 30.06.2021	01.01.- 30.06.2020	01.04.- 30.06.2021	01.04.- 30.06.2020
Interest expenses	27,477,806	22,432,485	13,578,990	11,903,791
Maturity differences expenses from related parties (Note 5)	331,913	309,378	212,485	700
Foreign exchange losses regarding financial activities	191,961,438	165,523,180	75,937,387	80,381,273
Foreign expenses for related parties (Note 5)	7,370,250	-	-	-
Commission expenses of borrowings	3,745,520	5,556,072	2,060,569	2,969,091
Financial expenses from right of use assets	8,679	75,594	3,521	(686,769)
Maturity difference expenses	859,215	467,837	859,215	467,837
Foreign exchange losses arising from futures contracts	301,926	36,475	(114,161)	(19,667)
Other financial expenses	1,336,065	1,557,758	660,305	1,538,437
	233,392,812	195,958,779	93,198,311	96,554,693

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NOTE 29 – TAX ASSETS AND LIABILITIES

Group is liable to corporation tax valid in Turkey. The necessary provisions are made on the attached financial statements for expected tax liabilities related to the group’s current period activity results.

Corporation tax rate that will be accrued over corporation tax base is calculated over the tax base that remains after adding expenses recorded as expense in determination of commercial earnings that are non-deductible from tax base and subtracting tax-exempt profit, tax- free income and other deductions (if there are losses from previous years and used investment allowances if preferred).

The applied effective interest rate in the year of 2021 is 25% (2020: 22%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 25% in 2021 (2022: 22%).

There is no absolute and certain confirmation procedure related to tax evaluation in Turkey. Companies prepare their tax return between 1-25 Aprils coming after the related year’s balancing period (for the companies having special account period, between 1-25 of fourth month following the closing of period). These tax returns and related accounting records may be inspected and changed by tax department in five years.

There are some exceptions on Corporation Tax Law. These exceptions that Group will possibly utilize are explained as below;

Taxable losses

The Premium income provided by the disposing of stocks, formed whiles the establishments of Incorporated Companies or while increasing their capital, below their nominal values is an exemption from Corporation tax.

Issue Premium Exemption

The Premium income provided by the disposing of stocks, formed whiles the establishments of Incorporated Companies or while increasing their capital, below their nominal values is an exemption from Corporation tax.

The Real Estate and Subsidiary Share Sales Gain Exemption

The 75% of income of corporations composed of subsidiary shares, real estates, privilege, and promoter’s stock and perpetual bonds are exemptions of Corporation tax as of 31 December 2018 for two years. However, this rate has been decreased from 75% to 50% for the real estate’s regarding to new updates over the rule numbered 7061 and the rate shall be used as 50% for the tax declarations as of 2019.

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Deferred Tax:

The potential deferred tax assets/(liabilities) of the Group represents the tax effects of temporary differences, arising between the financial statements reported for Communiqué purposes and the statutory tax financial statements. Such differences arise due to the different treatment of certain items of income and expense included in the Communiqué financial statements compared to the local tax return, in accordance with applicable tax laws.

As of balance sheet date, accumulated temporary differences and deferred tax assets and liabilities prepared by using current applicable tax rate is as follows:

	30.06.2021		31.12.2020	
	Cumulative temporary differences	Deferred tax / (liability))	Cumulative temporary differences	Deferred tax / (liability)
<u>Deferred tax assets:</u>				
Unearned interests on receivables	2,518,336	579,217	2,915,173	583,035
Transferred R&D discount	46,583,529	9,316,706	-	-
Severance pay provision	63,601,548	12,720,310	57,822,309	11,564,461
Unused vacation provisions	10,032,745	2,307,532	6,213,323	1,242,664
Reversal of capitalized financial expenses (except land, buildings)	148,823,481	34,229,401	131,059,276	26,211,857
Reversal of capitalized financial expenses (land, buildings)	28,347,912	2,834,791	27,038,126	2,703,813
Deferred maturity difference income	7,214,564	1,659,350	14,311,500	2,862,300
Provisions of legal claims	3,060,767	703,976	2,961,869	592,373
Impairment of tangible fixed assets	7,754,809	775,481	7,754,810	775,481
Deductible retained losses	50,459,044	10,091,809	45,125,477	9,025,095
Foreign exchange	6,641,478	1,527,540	1,342,933	268,587
Effect of other corrections	45,271,629	10,412,474	34,749,724	6,949,947
Deferred tax assets		87,158,587		62,779,613
<u>Deferred tax liabilities:</u>				
Tangible assets (land, building, land improvements and depreciations), net	36,215,373	7,243,075	46,791,627	9,358,326
Difference in revaluation of land and buildings	341,086,303	34,108,631	233,425,547	23,342,554
Difference in revaluation of machinery, plant and equipments	514,475,508	102,895,101	543,527,147	108,705,429
Unearned interests on payables	3,593,277	826,454	3,506,047	701,210
Adjustments related to financial debts	-	-	1,851,045	370,209
Investment property increase in value	13,855,794	1,385,579	13,855,794	1,385,579
Effect of other corrections	1,572,737	361,730	2,635,041	527,011
Deferred tax liabilities		146,820,570		144,390,318
Deferred tax assets / (liabilities), net		(59,661,983)		(81,610,705)

The Group calculates deferred tax assets and liabilities considering the effect of temporary differences arising from the different evaluations between the statutory financial statements prepared in accordance with TAS / TFRS issued by the Group and its financial statements. These temporary differences usually result from the recognition of income and expenses in different reporting periods according to TAS / TFRS and Tax Code.

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For the period ended at 30 June 2021 and 2020 movements of deferred tax assets and liabilities are as follows:

	01.01.- 30.06.2021	01.01.- 30.06.2020
Current corporation tax	(1,762,178)	(959,178)
Deferred tax assets/(liabilities), net	28,842,839	13,959,802
	27,080,661	13,000,624

Deferred Tax (Asset) / Liability Movements

	01.01.- 30.06.2021	01.01.- 31.12.2020
Opening balance	(81,610,705)	32,480,154
Deferred tax income / (expense)	28,842,839	19,885,926
Gain on revaluation of properties	(7,238,596)	(132,617,970)
Actuarial (gain) / loss effect prior periods	344,479	(1,358,815)
Closing balance	(59,661,983)	(81,610,705)

NOTE 30 – EARNINGS PER SHARE

	01.01.- 30.06.2021	01.01.- 30.06.2020
Net profit / (loss) for the period	(51,093,587)	(112,072,066)
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000
Simple earnings and divided earnings per share (TRY)	(0.2044)	(0.4483)

NOTE 31 – FINANCIAL INSTRUMENTS

Financial assets	30.06.2021	31.12.2020
Liquid assets	62,496,036	47,437,939
Trade receivables	231,741,186	290,476,101
Other receivables	138,572,294	139,338,712
Financial liabilities		
Financial borrowings	1,481,287,726	1,419,572,458
Lease payables	26,309,144	30,391,059
Other payables	5,955,367	11,424,477
Trade payables	271,451,581	232,073,338

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NOTE 32 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial Instruments

Credit Risk

Group is subject to credit risk arising from trade receivables related to credit sales and deposits at banks. These risks are managed by limiting the aggregate risk from any individual counterparty and obtaining sufficient collateral where necessary and making only cash based sales to customer considered as having a higher risk. Collect ability of trade receivables are evaluated by management depending on their past experiences and current economic condition, and presented in the financial statements net of adequate doubtful provision.

As of 30 June 2021 and 31 December 2020, maximum net credit risk is as follows:

	Trade Receivables		Other Receivables		Bank
	Related Party	Third Party	Related Party	Third Party	Deposits
Maximum net credit risk as of balance sheet date (A+B+C+D+E))	96,086,149	135,655,037	129,317,476	9,254,818	62,339,385
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	88,058,673	135,655,037	129,317,476	9,254,818	62,339,385
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	8,027,476	-	-	-	-
Teminat vs ile güvence altına alınmış kısmı	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	425,842	-	-	-
Impairment (-)	-	(425,842)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

	Trade Receivables		Other Receivables		Bank
	Related Party	Third Party	Related Party	Third Party	Deposits
31 December 2020					
Maximum net credit risk as of balance sheet date (A+B+C+D+E))	146,771,852	143,704,249	128,646,738	10,691,974	47,318,962
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	81,237,228	143,704,249	128,646,738	10,691,974	47,318,962
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	65,534,624	-	-	-	-
Teminat vs ile güvence altına alınmış kısmı	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	425,842	-	-	-
Impairment (-)	-	(425,842)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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Liquidity risk

Liquidity risk is the Group’s possibility of not fulfilling net funding liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources, are reasons of liquidity risk.

As of 30 June 2021, Group’s liquidity risk table is as follows:

Maturities according to agreement	Book Value	Contractual total cash outflow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial Liabilities Non Derivatives	1,845,423,489	1,966,350,801	445,826,018	800,956,333	508,610,398	210,958,052
Financial borrowings	1,481,196,939	1,588,019,831	249,189,872	643,568,586	484,303,321	210,958,052
Financial leasing	26,309,144	35,036,681	3,316,328	7,413,276	24,307,077	-
Trade payables	273,205,996	276,799,273	140,047,071	136,752,202	-	-
- <i>Related parties</i>	789,521	806,850	806,850	-	-	-
- <i>Other parties</i>	272,416,475	275,992,423	139,240,221	136,752,202	-	-
Other liabilities	64,711,410	66,495,016	53,272,747	13,222,269	-	-
- <i>Related parties</i>	3,872,166	5,655,773	-	5,655,773	-	-
- <i>Other parties</i>	60,839,244	60,839,243	53,272,747	7,566,496	-	-
	1,845,423,489	1,966,350,801	445,826,018	800,956,333	508,610,398	210,958,052

As of 31 December 2020, Group’s liquidity risk table is as follows:

Maturities according to agreement	Book Value	Contractual total cash outflow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial borrowings	1,741,207,669	1,869,470,545	318,256,114	661,782,924	675,282,643	214,148,864
Financial leasing	1,419,351,150	1,533,391,826	120,171,340	552,548,386	646,523,236	214,148,864
Trade payables	30,391,059	41,107,213	3,359,456	8,988,350	28,759,407	-
- <i>Related parties</i>	232,073,338	235,579,384	161,172,260	74,407,124	-	-
- <i>Other parties</i>	121,754	125,768	125,768	-	-	-
Other liabilities	231,951,584	235,453,616	161,046,492	74,407,124	-	-
- <i>Related parties</i>	59,392,122	59,392,122	33,553,058	25,839,064	-	-
- <i>Other parties</i>	5,274,970	5,274,970	-	5,274,970	-	-
Financial borrowings	54,117,152	54,117,152	33,553,058	20,564,094	-	-
	1,741,207,669	1,869,470,545	318,256,114	661,782,924	675,282,643	214,148,864

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Foreign currency risk

The effects occurring from exchange rate fluctuation, in case of having foreign currency assets, liabilities, off-balance sheet liabilities, are foreign currency risk. Transactions in foreign currencies during the year have been translated at the exchange rate prevailing at dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the statement of profit/loss. Monetary liabilities of the Group exceed monetary assets of the Group; in case of exchange rate rise, the Group is exposed to foreign currency risk.

As of 30 June 2021, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 132,785,481 more/less. (%20 evaluation/devaluation : 265,570,962 TRY).

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Yabancı paranın foreign currency against TRY	Yabancı paranın foreign currency against TRY
In the case of increasing / losing value of TRY by 10% against USD				
1- USD net asset / liability	(33,328,720)	33,328,720	(33,328,720)	33,328,720
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(33,328,720)	33,328,720	(33,328,720)	33,328,720
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(101,347,294)	101,347,294	(101,347,294)	101,347,294
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(101,347,294)	101,347,294	(101,347,294)	101,347,294
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	1,890,533	(1,890,533)	1,890,533	(1,890,533)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	1,890,533	(1,890,533)	1,890,533	(1,890,533)
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	-	-	-	-
11- Part of hedged from CHF risk (-)	-	-	-	-
12- CHF net effect(10+11)	-	-	-	-
TOTAL (3+6+9+12)	(132,785,481)	132,785,481	(132,785,481)	132,785,481

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As of 31 December 2020, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 109,947,496 more/less. (%20 evaluation/devaluation: 219,894,990 TRY).

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 10% against USD				
1- USD net asset / liability	(14,449,901)	14,449,901	(14,449,901)	14,449,901
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(14,449,901)	14,449,901	(14,449,901)	14,449,901
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(97,466,605)	97,466,605	(97,466,605)	97,466,605
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(97,466,605)	97,466,605	(97,466,605)	97,466,605
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	1,954,761	(1,954,761)	1,954,761	(1,954,761)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8))	1,954,761	(1,954,761)	1,954,761	(1,954,761)
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	14,249	(14,249)	14,249	(14,249)
11- Part of hedged from CHF risk (-)	-	-	-	-
12- CHF net effect(10+11)	14,249	(14,249)	14,249	(14,249)
TOTAL (3+6+9+12)	(109,947,496)	109,947,496	(109,947,496)	109,947,496

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Interest Rate Risk

The Group’s financial liabilities exposure the Group to interest rate risk. The Group’s financial liabilities mainly consist of fixed rate borrowings. As of 30 June 2021, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group’s net profit will increase / decrease TRY 3,045,422

Risk of intensification of sales

During the reporting periods ending on 30 June 2021 and 2020, the risk of intensification of the Group's sales is due to sales from textile sector operations.

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. Even so, as of 30 June 2021, the share of the largest buyer in the revenue from textile sector operations is 38,79% (30 June 2020: 56,83%). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 85,61%. (30 June 2020 85,39%) Domestic sales of dried fruits (grape, fig and apricot) produced by Menderes as subcontractors are made in accordance with the "Sales Agreement" signed between Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş., the related party of the Group and Osman Akça exports these products to different customers abroad

Percentage of total sales of two buyers with the largest share in total sales of the Group is given below:

Textile

Customer	01.01.- 30.06.2021	01.01.- 30.06.2020
A Company	38.79%	56.83%
	38.79%	56.83%

Agriculture:

Customer	01.01.- 30.06.2021	01.01.- 30.06.2020
B Company	85.61%	85.39%
	85.61%	85.39%

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As of 30 June 2021, amounts of assets and liabilities of the Group in foreign currency are as follows:

30 June 2021	TRY equivalent functional currency	USD	EURO	GBP	CHF
1. Trade Receivables	151,247,031	9,289,461	5,199,230	1,370,499	-
2a. Monetary Financial Assets (including cash and banks)	71,204,755	5,452,850	2,289,655	455	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	222,451,786	14,742,311	7,488,885	1,370,954	-
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-
9. Total Assets (4+8)	222,451,786	14,742,311	7,488,885	1,370,954	-
10. Trade Payables	156,709,177	16,339,788	1,395,924	-	-
11. Financial Liabilities	812,540,731	22,784,273	59,259,885	-	-
12a. Other monetary financial liabilities	18,174,558	1,980,921	89,753	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	987,424,466	41,104,982	60,745,562	-	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	566,929,657	12,111,789	44,526,423	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	566,929,657	12,111,789	44,526,423	-	-
18. Total Liabilities	1,554,354,123	53,216,771	105,271,985	-	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	4,047,529	188,470	-	200,000	-
19a. Off-balance sheet foreign currency derivative assets	6,324,200	450,000	-	200,000	-
19b. Off-balance sheet foreign currency derivative liabilities	2,276,671	261,530	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	(1,327,854,808)	(38,285,990)	(97,783,100)	1,570,954	-
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1,331,902,337)	(38,474,460)	(97,783,100)	1,370,954	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports(*)	437,038,344	985,702	20,598,997	3,037,185	-
24. Imports(**)	260,562,025	30,598,051	1,777,077	103	17,200

(*) The Group has TRY 195,998,320 export for the period of 01.01.-30.06.2021

(**) Group has TRY 5,985 import for the period of 01.01.-30.06.2021.

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As of 31 December 2020, amounts of assets and liabilities of the Group in foreign currency are as follows:

31 December 2020	TRY equivalent functional currency	USD	EURO	GBP	CHF
1. Trade Receivables	230,103,327	18,048,301	9,283,351	1,407,538	-
2a. Monetary Financial Assets (including cash and banks)	40,288,332	2,653,703	2,218,172	68,914	17,200
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	270,391,659	20,702,004	11,501,523	1,476,452	17,200
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	107,538	14,650	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	107,537	14,650	-	-	-
9. Total Assets (4+8)	270,499,196	20,716,654	11,501,523	1,476,452	17,200
10. Trade Payables	99,809,138	11,613,522	1,604,619	10,643	-
11. Financial Liabilities	559,580,509	7,953,285	55,639,985	-	-
12a. Other monetary financial liabilities	221,379	20,896	7,548	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	659,611,026	19,587,703	57,252,152	10,643	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	712,371,294	20,410,372	62,450,622	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	712,371,294	20,410,372	62,450,622	-	-
18. Total Liabilities	1,371,982,320	39,998,075	119,702,774	10,643	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	2,008,173	(403,750)	-	500,000	-
19a. Off-balance sheet foreign currency derivative assets	6,807,025	250,000	-	500,000	-
19b. Off-balance sheet foreign currency derivative liabilities	4,798,852	653,750	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	(1,099,474,951)	(19,685,171)	(108,201,251)	1,965,809	17,200
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1,101,483,123)	(19,281,421)	(108,201,251)	1,465,809	17,200
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports(*)	1,176,229,076	31,647,736	37,763,624	3,920,867	-
24. Imports(**)	448,014,684	47,415,661	15,862,389	29,128	11,299

(*) The Group has TRY 596,090,248 export for the period of 01.01.-31.12.2020.

(**) The Group has TRY 295,225 import for the period of 01.01.-31.12.2020.

NOTE 33 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Group using available markets information in Turkey and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented here in are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are utilized for the current values of financial instruments which are predictable in practice;

Financial Assets

Monetary assets for which fair value approximates carrying value:

- Balances denominated in foreign currencies are converted at period exchange rates.
- The fair value of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying amounts in the financial statements.
- The carrying value of trade receivables, net of allowances for possible non-recovery of uncollectible are considered to approximate their fair values.

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

- The fair value of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.
- The fair values of long-term bank borrowings, which are denominated in foreign currencies and converted at period exchange rates, are considered to approximate their carrying values.
- The carrying amount of accounts payable and accrued expenses reported in the financial statements for estimated third party payer set TRY amounts approximates its fair values.

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Capital Risk Management

In capital management, the Group aims at enhancing profitability while keeping a reasonable leverage, on the other hand rendering sustainability in its operations.

The Group follows capital by using debt to equity ratio. This rate is found by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from total payable amount (as shown in balance sheet, trade and other payables and loans). Total capital, as shown in balance sheet, is calculated by adding up equity and net debt.

As of 30 June 2021 and 31 December 2020, net debt / total equity ratio is as follows:

	30.06.2021	31.12.2020
Total debts	2,070,218,686	1,954,558,666
Liquid assets	(62,496,036)	(47,437,939)
Net debt	2,007,722,650	1,907,120,727
Total equity	752,122,130	720,602,145
Total capital	2,759,844,780	2,627,722,872
Net Debt/Total Capital	73%	73%

Fair Value Estimate

The classification of the group's financial assets and liabilities measured at fair value is represented below:

Level 1: Market price valuation techniques for the determined assets and liabilities traded in markets (unadjusted);

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Inputs for the asset or liability that are not based on observable market (unobservable inputs).

The group's assets/(liabilities) measured at fair value are presented below:

30.06.2021	Level 1	Level 2	Level 3	Total
Assets				
Land	-	83,849,800	-	83,849,800
Underground and above ground layouts	-	153,713,838	-	153,713,838
Buildings	-	225,990,423	-	225,990,423
Machinery, plant and devices	-	953,246,830	-	953,246,830
Derivative instruments	-	231,904	-	231,904
31.12.2020	Level 1	Level 2	Level 3	Total
Land	-	83,849,800	-	83,849,800
Buildings	-	228,897,800	-	228,897,800
Machinery, plant and devices	-	983,741,171	-	983,741,171
Derivative instruments	-	78,173	-	78,173

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As of 30 June 2021, the classes and fair values of financial instruments are as follows;

30.06.2021	Financial assets and liabilities shown at amortized value	Financial assets at fair value differences in income statement	Book Value	Note
Financial Assets				
Cash and cash equivalents	62,496,036	-	62,496,036	4
Financial investments	-	-	-	5
Commercial receivables	231,741,186	-	231,741,186	6
Other receivables	138,572,294	-	138,572,294	8
Financial Liabilities				
Financial borrowings	1,507,596,870	-	1,507,596,870	7
Trade payables	273,205,996	-	273,205,996	6
Other payables	5,955,367	-	5,955,367	8

As of 31 December 2020, the classes and fair values of financial instruments are as follows;

31.12.2020	Financial assets and liabilities shown at amortized value	Financial assets at fair value differences in income statement	Book Value	Note
Financial Assets				
Cash and cash equivalents	47,437,939	-	47,437,939	4
Commercial receivables	290,476,101	-	290,476,101	7
Other receivables	139,338,712	-	139,338,712	9
Financial Liabilities				
Financial borrowings	1,449,963,517	-	1,449,963,517	8
Trade payables	232,073,338	-	232,073,338	7
Other payables	11,424,477	-	11,424,477	9