

**MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED AT**  
**31 MARCH 2019**

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**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ****CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2019**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Audited</i>
		<b>Current Period</b>	<b>Prior Period</b>
<b>ASSETS</b>	<b>Footnote</b>	<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>References</b>		
<b>Current Assets</b>		<b>671,470,744</b>	<b>623,370,937</b>
Cash and Cash Equivalents	4	12,638,577	30,662,280
Financial Investments	5	-	<b>705,432</b>
<i>Time deposit</i>	5	-	705,432
Trade Receivables		<b>132,832,503</b>	<b>157,251,225</b>
<i>Trade Receivables from Related Parties</i>	6-7	53,367,262	49,486,060
<i>Trade Receivables from Third Parties</i>	7	79,465,241	107,765,165
Other Receivables		<b>12,804,650</b>	<b>8,385,846</b>
<i>Other Receivables from Related Parties</i>	6-9	8,034,775	2,746,157
<i>Other Receivables from Third Parties</i>	9	4,769,875	5,639,689
Derivative Financial Instruments	10	-	7,400
<i>Derivative Financial Instruments for Trading</i>	10	-	7,400
Inventories	11	420,929,878	342,597,916
Biological Assets	12	2,256,940	3,047,901
Prepaid Expenses	13	9,669,836	7,605,012
<i>Prepaid Expenses from Third Parties</i>	13	9,669,836	7,605,012
Current Tax Assets	14	230,214	507,116
Other Current Assets	23	80,108,146	72,600,809
<i>Other Current Assets from Third Parties</i>	23	80,108,146	72,600,809
<b>Non-Current Assets</b>		<b>706,193,955</b>	<b>712,640,187</b>
Financial Investments	5	-	5,962,871
Other Receivables		<b>164,561</b>	<b>187,210</b>
<i>Other Receivables from Third Parties</i>	9	164,561	187,210
Investments Valued by Equity Pick-up Method	15	156,046,562	166,386,966
Investment Properties	16	65,908,752	60,500,000
Tangible Assets	17	427,503,522	428,973,447
Right of Use Assets	18	1,486,197	-
Intangible Assets	19	7,014,327	6,369,506
Prepaid Expenses	13	7,022,527	6,142,314
<i>Prepaid Expenses to Third Parties</i>	13	7,022,527	6,142,314
Deferred Tax Assets	30	41,047,507	38,117,873
<b>TOTAL ASSETS</b>		<b>1,377,664,699</b>	<b>1,336,011,124</b>

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**

**CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2019**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Audited</i>
	<b>Footnote</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>LIABILITIES</b>	<b>References</b>	<b>31.03.2019</b>	<b>31.12.2018</b>
<b>Current Liabilities</b>		<b>716,019,608</b>	<b>655,482,451</b>
Short Term Borrowings	8	368,484,689	318,096,151
- Banks Loans	8	368,484,689	318,096,151
Current Installments of Long Term Financial Borrowings	8	132,215,286	129,548,095
- Banks Loans		128,902,836	126,895,872
- Leasing Payables		2,668,888	2,652,223
- Other Current Installments of Long Term Financial Borrowings		643,562	-
Trade Payables		<b>183,424,231</b>	<b>175,216,695</b>
Trade Payables to Related Parties	6-7	492,849	6,741,396
Trade Payables to Third Parties	7	182,931,382	168,475,299
Employee Benefit Liabilities	22	19,765,079	16,307,751
Other Payables		<b>3,952,848</b>	<b>7,608,981</b>
Other Payables to Related Parties	6-9	86,849	122,618
Other Payables to Third Parties	9	3,865,999	7,486,363
Derivative Financial Instruments	10	136,775	44,900
Derivative Financial Instruments for Trading	10	136,775	44,900
Deferred Income	13	2,763,593	3,848,745
Deferred Income from Third Parties	13	2,763,593	3,848,745
Current Tax Liabilities of Period Profit	30	-	356,393
Current Provisions		<b>5,277,107</b>	<b>4,454,740</b>
Provision for employee benefits	21	4,920,202	3,897,322
Other current provisions	21	356,905	557,418
<b>Non-Current Liabilities</b>		<b>435,778,109</b>	<b>432,944,489</b>
Long Term Borrowings	8	393,140,543	393,782,034
Long Term Borrowings to Third Parties		393,140,543	393,782,034
- Bank Loans	8	388,098,343	389,292,689
- Leasing Payables		4,111,851	4,489,345
- Other Long Term Borrowings		930,349	-
Long Term Provisions		<b>38,981,904</b>	<b>35,840,240</b>
Long Term Provisions for Employee Benefits	21	38,981,904	35,840,240
Deferred Tax Liabilities	30	3,655,662	3,322,215
<b>Equity</b>		<b>225,866,982</b>	<b>247,584,184</b>
<b>Parent Company's Equity</b>		<b>239,081,410</b>	<b>258,310,288</b>
Paid in Capital	24.1	250,000,000	250,000,000
Inflationary Adjustments of Shareholder's Equity	24.2	485,133	485,133
Effect of mergers involving undertakings or businesses subject to common control	3	(25,567,435)	(25,567,435)
Defined Benefit Plans Re-Measurement Gains / (Losses)	24.3	369,947	239,108
Restricted Reserves	24.4	10,209,777	10,209,777
Legal Reserves	24.4	10,209,777	10,209,777
Retained Earnings / Losses	24.5	22,890,334	95,896,998
Net Profit / (Loss) for the Period		(19,306,346)	(72,953,293)
<b>Minority Interests</b>	24.6	<b>(13,214,428)</b>	<b>(10,726,104)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,377,664,699</b>	<b>1,336,011,124</b>

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-31 MARCH 2019 AND 2018**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Unreviewed</i>
		<b>Current</b>	<b>Prior Period</b>
	<b>Footnote</b>	<b>01.01-</b>	<b>01.01-</b>
	<b>References</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Revenue	25.1	247,895,281	173,205,146
Cost of Sales (-)	25.2	(209,115,477)	(154,744,140)
<b>Gross Profit / (Loss)</b>		<b>38,779,804</b>	<b>18,461,006</b>
General Administrative Expenses (-)	26.3	(7,052,461)	(5,358,464)
Marketing Expenses (-)	26.2	(7,066,402)	(5,524,572)
Research and Development Expenses (-)	26.1	(261,004)	(438,895)
Other Operating Income	27.1	12,038,704	11,238,459
Other Operating Expenses (-)	27.2	(9,279,486)	(5,356,976)
<b>Operating Profit / (Loss)</b>		<b>27,159,155</b>	<b>13,020,558</b>
Income from Investment Activities	28.1	176	-
Expenses from Investment Activities (-)	28.2	(11,384)	-
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	28.3	1,179,596	4,899,736
<b>Operating Activity Profit/(Loss) Before Financial Expense</b>		<b>28,327,543</b>	<b>17,920,294</b>
Financial Income	29.1	3,331,173	2,043,583
Financial Expenses (-)	29.2	(56,085,591)	(48,837,831)
<b>Operating Activity Profit/(Loss) Before Taxation</b>		<b>(24,426,875)</b>	<b>(28,873,954)</b>
<b>Operating Activity Tax Income/(Expense)</b>			
Current Tax Income/(Expense)	30	-	(207,813)
Deferred Tax Income/(Expense)	30	2,629,558	5,905,186
<b>Current Period Operating Activity Profit / (Loss)</b>		<b>(21,797,317)</b>	<b>(23,176,581)</b>
<b>Profit/(Loss) for the Period</b>		<b>(21,797,317)</b>	<b>(23,176,581)</b>
<b>Distribution of the Period Income/(Loss)</b>			
Minority Interests	24.6	(2,490,971)	(2,171,493)
Parent Company's Shares		(19,306,346)	(21,005,088)
<b>Earnings Per Share</b>	<b>31</b>	<b>(0.0772)</b>	<b>(0.0840)</b>
<b>Other Comprehensive Income:</b>			
<b>Income (Expenses) not to be Reclassified on Profit or (Loss)</b>			
- Defined Benefit Plans Re-Measurement Gains (Losses)		166,857	183,593
-Deferred Tax Income / (Expense)		(33,371)	(36,532)
<b>Other Comprehensive Income</b>		<b>133,486</b>	<b>147,061</b>
<b>Total Comprehensive Income/(Expense)</b>		<b>(21,663,831)</b>	<b>(23,029,520)</b>
<b>Distribution of Total Comprehensive Income</b>			
Minority Interests		(2,488,324)	(2,166,850)
Parent Company's Shares		(19,175,507)	(20,862,670)

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 – 31 MARCH 2019 AND 2018**

(Currency – Turkish Lira “TRY” unless expressed otherwise.)

					Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		Accumulated profits				
	Footnote References	Paid in Capital	Adjustments of Shareholders' Equity	Effect of Mergers Involving Undertakings or Businesses Subject to Common Control	Defined Benefit Plans Re-Measurement Gains (Losses)	Restricted Reserves	Accumulated Profit/Loss	Net Profit/Loss For The Period	Parent Company's Equity	Minority Interests	Footnote References
<b>Balances at 01.01.2018</b>	<b>24</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>878,702</b>	<b>10,209,777</b>	<b>41,407,192</b>	<b>54,401,222</b>	<b>331,814,591</b>	<b>(864,107)</b>	<b>330,950,484</b>
Transfers	24	-	-	-	-	-	54,401,222	(54,401,222)	-	-	-
<b>Total Comprehensive Income/(Loss)</b>		-	-	-	<b>142,418</b>	-	-	<b>(21,005,088)</b>	<b>(20,862,670)</b>	<b>(2,166,850)</b>	<b>(23,029,520)</b>
- Profit/(Loss) for the Period	24	-	-	-	-	-	-	(21,005,088)	(21,005,088)	(2,171,493)	(23,176,581)
- Other Comprehensive Income/(Expense)	24	-	-	-	142,418	-	-	-	142,418	4,643	147,061
<b>Balances at 31.03.2018</b>	<b>24</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>1,021,120</b>	<b>10,209,777</b>	<b>95,808,414</b>	<b>(21,005,088)</b>	<b>310,951,921</b>	<b>(3,030,957)</b>	<b>307,920,964</b>
<b>Balances at 01.01.2019</b>	<b>24</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>239,108</b>	<b>10,209,777</b>	<b>95,896,998</b>	<b>(72,953,293)</b>	<b>258,310,288</b>	<b>(10,726,104)</b>	<b>247,584,184</b>
<b>Impact of accounting policy change</b>		-	-	-	-	-	(53,371)	-	(53,371)	-	(53,371)
<b>Balances at 01.01.2019</b>	<b>24</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>239,108</b>	<b>10,209,777</b>	<b>95,843,627</b>	<b>(72,953,293)</b>	<b>258,256,917</b>	<b>(10,726,104)</b>	<b>247,530,813</b>
Transfers	24	-	-	-	-	-	(72,953,293)	72,953,293	-	-	-
<b>Total Comprehensive Income/(Loss)</b>		-	-	-	<b>130,839</b>	-	-	<b>(19,306,346)</b>	<b>(19,175,507)</b>	<b>(2,488,324)</b>	<b>(21,663,831)</b>
- Profit/(Loss) for the Period	24	-	-	-	-	-	-	(19,306,346)	(19,306,346)	(2,490,971)	(21,797,317)
- Other Comprehensive Income/(Expense)	24	-	-	-	130,839	-	-	-	130,839	2,647	133,486
<b>Balances at 31.03.2019</b>	<b>24</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>369,947</b>	<b>10,209,777</b>	<b>22,890,334</b>	<b>(19,306,346)</b>	<b>239,081,410</b>	<b>(13,214,428)</b>	<b>225,866,982</b>

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 31 MARCH 2019 AND 2018**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	Unreviewed Current Period 01.01- 31.03.2019	Unreviewed Prior Period 01.01- 31.03.2018
<b>CASH FLOWS FROM THE OPERATING ACTIVITIES</b>		<b>(18,305,583)</b>	<b>(39,971,647)</b>
<b>Profit/(Loss) for the Period</b>			
<b>Current Period Operating Activity Profit / (Loss)</b>		<b>(21,797,317)</b>	<b>(23,176,581)</b>
<b>Adjustments Related with Net Profit/Loss for The Period</b>		<b>59,056,930</b>	<b>5,396,655</b>
Adjustments for depreciation, amortisation expenses	17-18-19	7,855,199	6,480,182
Adjustments related to the provisions			
- Adjustments for employee termination benefits	21-26.2-26.3	3,275,150	3,547,986
- Adjustment for provision for expenses and lawsuits	21	(200,513)	(3,624)
- Adjustment for other provisions or reversals	21	1,022,880	943,580
Adjustments for interest income and expense			
- Adjustments for interest income			
- Adjustments for interest expenses	8-30	8,355,285	6,254,830
- Unearned income from futures sale	27.1	5,070,403	935,239
- Deferred financial expense arise from forward purchasing	27.2	(3,963,624)	(1,406,805)
Adjustments for fair value income or loss			
- Adjustments for financial instruments fair value losses /(profits)	10-29	99,275	(586,343)
Adjustment for unrealized currency translation differences		41,318,658	-
Adjustments for retained earnings of investments subject to equity pick-up method			
- Adjustment for retained earnings of subsidiaries	15	(1,179,596)	(4,899,736)
Tax payments/returns	30	(2,596,187)	(5,868,654)
Other adjustments related to profit(loss) reconciliation		-	-
<b>Changes in the Company Capital</b>		<b>(55,208,803)</b>	<b>(18,162,669)</b>
Adjustments for increase/decrease in financial assets	5	6,668,303	-
Adjustments for increase/decrease in trade receivables			
- Adjustments for increase/decrease in trade receivables from related parties	6-7	(3,881,202)	6,674,956
- Adjustments for increase/decrease in trade receivables from third parties	7	23,229,521	(21,069,389)
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		(5,288,618)	33,780,463
- Adjustments for increase/decrease in other receivables from third parties related to the operations	9-14-23	(6,337,972)	15,028,029
Adjustments for increase/decrease in inventories	11	(78,331,962)	(32,794,009)
Adjustments related to the increase/decrease in biological assets	12	790,961	1,151,045
Adjustments for increase/decrease in prepaid expenses	13	(2,945,037)	3,977,164
Adjustments for increase/decrease in trade payables			
- Adjustments for increase/decrease in trade payables to related parties	6-7	(6,248,547)	1,062,976
- Adjustments for increase/decrease in trade payables to third parties	7	18,419,707	(25,731,572)
Increase/decrease in employee benefits liabilities	22	3,457,328	2,979,196
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	6-9	(35,769)	1,119,816
- Adjustments for increase/decrease in other payables from third parties related to the operations	9	(3,620,364)	(1,254,689)
Increase/decrease in deferred tax	13	(1,085,152)	(3,086,655)
<b>Cash Flow from Operating Activities</b>		<b>(17,949,190)</b>	<b>(35,942,595)</b>
Tax payments/returns	30	(356,393)	(4,029,052)

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIODS OF 31 MARCH 2019 AND 2018**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	<i>Unreviewed</i>	<i>Unreviewed</i>
	<b>Current Period</b>	<b>Prior</b>
<b>Footnote</b>	<b>01.01-</b>	<b>Period</b>
<b>References</b>	<b>31.03.2019</b>	<b>01.01-</b>
		<b>31.03.2018</b>
<b>NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES</b>	<b>(752,957)</b>	<b>(48,157,664)</b>
Proceeds from sale of property, plant, equipment and intangible assets		
- Proceeds from sale of tangible assets	17-19 62,137	-
- Proceeds from sale of intangible assets	17-19 -	-
Proceeds from purchase of property, plant, equipment and intangible assets		
- Proceeds from purchase of tangible assets	17-19 (6,060,571)	(38,910,713)
- Proceeds from purchase of intangible assets	17-19 (865,771)	(2,303,502)
Cash outflows from purchase of investment property	(5,408,752)	(6,943,449)
Dividends Received	30 11,520,000	-
<b>CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES</b>	<b>1,034,837</b>	<b>66,441,344</b>
Cash inflows from financial liabilities		
- Cash inflows from bank loans	159,287,438	156,243,134
Cash outflows from financial liabilities		
- Cash outflows for bank loans	(157,760,225)	(88,563,658)
- Cash outflows from other financial liabilities	(131,547)	-
Cash outflows from finance leases	8 (360,829)	(1,238,132)
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN EXCHANGE CURRENCY DIFFERENCES (A+B+C)</b>	<b>(18,023,703)</b>	<b>(21,687,967)</b>
<b>D. EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENT</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE</b>	<b>(18,023,703)</b>	<b>(21,687,967)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD</b>	<b>4 30,662,280</b>	<b>37,228,665</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4 12,638,577</b>	<b>15,540,698</b>

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



**(Convince translation of a report and financial statements originally issued in Turkish)**  
**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR PERIOD AT**  
**31 MARCH 2019**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (“Group”), 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.
- Tan Elektrik Üretim A.Ş.
- Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

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

- Aktur Araç Muayene İstasyonları İşletmeciliği 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 31 March 2019, 3,973 personnel are employed by the Company and average number of personnel is 3,975 for the period of 01.01-31.03.2019.

Company shares are traded in the Borsa İstanbul since 2000.

**Production Capacity (Textile)**

According to the capacity report from Denizli Industrial Chamber dated 28 May 2018, numbered 250 and valid until 31 May 2020, 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):

<b>Products</b>	<b>Unit</b>	<b>Quantity</b>
Cotton yarn (is used in its production)	Kg	5,438,718
Raw fabric woven (is used in its production)	m <sup>2</sup>	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

**Production Capacity (Energy)**

According to the capacity report from Denizli Industrial Chamber dated 08 March 2019, numbered 107 and valid until 13 March 2021, the Company annual production capacity is as follows:

	<b>Unit</b>	<b>Quantity</b>
Electricity energy	Kwh	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

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**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 204,272\_m<sup>2</sup>.

*Capacity Report 1 (Sarayköy)*

According to the capacity report from Denizli Industrial Chamber dated 25 May 2017, numbered 281 and valid until 26 May 2019, The Company production capacity is as follows:

<b>Product</b>	<b>Unit</b>	<b>Quantity</b>
Tomato	Ton	6,480
Quick-frozen tomato	Ton	684

*Capacity Report 2 (Pamukkale)*

According to the capacity report from Denizli Industrial Chamber dated 01 December 2017, numbered 647 and valid until 01 December 2019, The Company production capacity is as follows:

<b>Product</b>	<b>Unit</b>	<b>Quantity</b>
Tomato	Ton	264
Pepper	Ton	96

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

As of 31 March 2019, 232 personnel are employed by the Company and the average number of personnel is 234 for the period of 01.01-31.03.2019.

**Akça Enerji Üretim Otoprodüktör Grubu A.Ş.**

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. is established on 13 July 1998 in Denizli. It is engaged in producing electricity, hot water and steam. The Company annual electricity production capacity production is 185,656,000 kilowatt.

As of 31 March 2019, 36 personnel are employed by the Company and the average number of personnel is 33 for the period of 01.01-31.03.2019.

**Tan Elektrik Üretim A.Ş.**

Tan Elektrik Üretim A.Ş. was established in Izmir on 18 July 2006 as “MTT Elektrik Üretim A.Ş.” The Company name was changed to “Tan Elektrik Üretim A.Ş.” on 9 November 2006. Main activity of Company is building production facilities, joining in to operation, renting, generating electricity and marketing electricity to customers. The Company annual electricity production capacity production is 57,254,400 kilowatt. Tan Elektrik Üretim A.Ş. started producing electricity at October 2014.

As of 31 March 2019, 8 personnel are employed by the Company and the average number of personnel is 8 for the period of 01.01-31.12.2019.

**Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.**

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Headquarter of the Company is in Izmir. Company operates vehicle inspection stations which are privatized within the context of law numbered 4046, in Aydın, Manisa, Denizli and Izmir for 20 years. Company has integrated 21 established and 8 mobile vehicle inspection stations. License rights have been started in 2008 and will continue until 2028.

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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

#### **Approval of Financial Statements**

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 10 May 2019. Boards of Directors have authority to change financial statements.

#### **Currency Measurement and Reporting Currency**

As of 31 March 2019 and 31 December 2018, 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.

#### **Going Concern**

The consolidated financial statements including the accounts of the parent Group, its subsidiaries, joint ventures and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

#### **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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**Basis of Consolidation**

The capital structure of subsidiaries and participations are as follows:

Subsidiaries	Consolidation Method	Menderes' share		
		Direct Share	Indirect Share	Total Share
Smyrna Seracılık Ticaret A.Ş.	Full Consolidation	79.17%	-	79.17%
Tan Elektrik Üretim A.Ş.	Full Consolidation	66.00%	1.90%	67.90%
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	Full Consolidation	68.00%	12.42%	80.42%

  

Participations	Consolidation Method	Menderes' share		
		Direct Share	Indirect Share	Total Share
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	Equity Pick up	48.00%	-	48.00%

Investments in associates are accounted via using the equity 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 the equity method of accounting. According to the equity 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.

As of 31 March 2019 and 31 December 2018, the capital structure of subsidiaries and participations are as follows:

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

	<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Public Offered Shares	46.88	46.88
Akça Holding A.Ş.	50.73	50.73
Other	2.39	2.39
	<b>100%</b>	<b>100%</b>

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

	<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	28.51	28.51
Rıza Akça	33.15	33.15
Dilek Göksan	16.58	16.58
Ahmet Bilge Göksan	16.58	16.58
Menderes Tekstil Pazarlama A.Ş.	3.10	3.10
Erbil Akça	2.09	2.09
	<b>100%</b>	<b>100%</b>

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
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
	<b>100%</b>	<b>100%</b>

Tan Elektrik Üretim A.Ş. (Subsidiary)

	<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	66.00	66.00
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	28.00	28.00
Smyrna Seracılık A.Ş.	2.40	2.40
Akça Holding A.Ş.	2.00	2.00
Other	1.60	1.60
	<b>100%</b>	<b>100%</b>

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. (Subsidiary)

	<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	68.00	68.00
Tan Elektrik Üretim A.Ş.	18.29	18.29
Akça Holding A.Ş.	7.01	7.01
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	4.29	4.29
Selin Tekstil Sanayi Ticaret A.Ş.	2.22	2.22
Akçasaraylı Tekstil Ltd. Şti.	0.19	0.19
	<b>100%</b>	<b>100%</b>

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Aktur Araç Muayene İstasyon İşletmeleri A.Ş. (Participation)

	<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
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
	<b>100%</b>	<b>100%</b>

## **2.b. 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.

Except as described below, the accounting policies applied in these interim condensed financial statements are the same as those applied in the Group's financial statements as at and for the year ended 31 December 2018.

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January-31 March 2019 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2018,except for the new TFRS 16 Leases standard,which are started to be valid as of 1 January 2019.

The Group applied IFRS 16-Leases effective from 1 January 2019 and financial statements effects of this standard is explained below;applied actual accounting policy is explained on Note 2.f.

In the application of IFRS 16 Leases Standar,the Group have benefited from the exemption which allows not to restate comparative information for prior periods with respect to classification and measurement(including impairment)changes.Differences in the carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 16 are recognized in retained earnings as of 1 January 2019.

## **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.

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## **2.d. 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.

The Group has presented the financial statements dated 31 March 2019 with financial statements dated 31 December 2018, the profit or loss and other comprehensive income statement, cash flow statement and the statement of changes in equity for the period of 01 January – 31 March 2018 with 01 January – 31 March 2018 comparatively.

## **2.e. New and amended standards and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as at March 31,2019 are consistent with those of the previous financial year,except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1,2019.The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

**The new standards,amendments and interpretations which are effective as at January 1,2019 are as follows:**

### **IFRS 16- Leases**

In April 2018, POA has published a new standard, IFRS 16 'Leases'. The new standard brings most leases onbalance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes TAS 17 'Leases' and related interpretations.

Lessees have recognition exemptions to applying this standard in case of short-term leases(i.e leases with a lease term of 12 months or less)and leases of 'low-value'assets(e.g. personal computers,office equipment,etc.)At the commencement date of a lease,a lessee measures the lease liability at the present value of the lease payments that are not paid at the date (i.e the lease liability), at the same date recognises an asset representing the right to use the underlying asset(i.e.the right-of-use asset)and depreciates it during the lease term.The lease payments shall be discounted using the interest rate implicit in the lease,if that rate can be readily determined.If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.Lessees are required to recognise the interest expense on the lease liability and the depreciaton expense on the right-of-use asset separately.

Lessees are required to remeasure the lease liability upon the occurrence of certain events(e.g.change in the lease term,a change in future lease payments resulting from a change in an index or rate used to determine those payments).Under these circumstances,the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

### **Transition to IFRS 16:**

The Group adopted IFRS 16 using the modifies retrospective approach.

The Group elected to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value.The Group has leases of certain office equipment (i.e,photocopying machines)that are considered of low value.

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**Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)**

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a Group applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a Group accounts for using the equity method. A Group applies TFRS 9 to other interests in associates and joint ventures, including longterm interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019.

The Group does not expect any significant impact on its financial position and performance.

**IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation clarifies how to apply the recognition and measurement requirements in “IAS 12 Income Taxes” when there is uncertainty over income tax treatments. When there is uncertainty over income tax treatments, the interpretation addresses:

- (a) whether an entity considers uncertain tax treatments separately;
- (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- (d) how an entity considers changes in facts and circumstances.

**Annual Improvements – 2015–2017 Cycle**

In January 2019, POA announced Annual Improvements to IFRS Standards 2015-2017 Cycle by changing following standards.

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.

- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendment will be effective for annual periods beginning on or after 1 January 2019. Early application is allowed.

The amendment will not have an impact on the financial position or performance of the Group.



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**IASB, has published the IAS 19 changes “Changes on Planning, Reduction or Execution” to make compatible accounting**

In January 2019, POA declared the IAS 19 Changes "Changes in Plan, Decreasing or Execution". Changes are required to calculate service cost and net interest cost by using actuarial estimations based on annual residual amount after making changes on planning, reduction or execution.

Changes will apply for 1 January 2019 and following fiscal periods.

The amendment will not have an impact on the financial position or performance of the Group.

**Prepayment Features with Negative Compensation (Amendments to IFRS 9)**

The IASB issued minor amendments to IFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

An entity that applies IFRS 9 measures an entity's early-retirement financial assets, changes in fair value through profit or loss. If certain conditions are met by the implementation of the amendments, entities will be able to measure the amortized cost of the negatively recovered financial assets at fair value.

The amendment will be effective for annual periods beginning on or after 1 January 2019

The amendment will not have an impact on the financial position or performance of the Group.

**a) As of 31 December 2018 Standards issued but not yet effective and not early adopted:**

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

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group does not expect any significant impact on its financial position and performance.

**IFRS 17 - The new Standard for Insurance Contracts**

In February 2019, The POA issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted..

The standard is not valid for the Group and will not have an impact on the financial position or performance of the Group

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**b) As of 31 December 2018 The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA):**

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

**Definition of a Business (Amendments to IFRS 3)**

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- publishing an optional accurate value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted.

**Definition of Material (Amendments to IAS 1 and IAS 8)**

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted

## 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**

Tangible 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 depreciation.

Tangible assets are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line basis with prorates method based on the estimated useful lives of the assets. Expenses for the repair of property, plant and equipment are normally charged as an expense.

Economic useful lives of assets approximately are as follows:

	<u>Year</u>
Land improvements	10-30
Buildings	50
Machinery, plant and equipments	5-10
Energy facilities	20-25
Motor vehicles	5
Fixtures and fittings	10

### **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.

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### **Investment Properties**

Land and buildings held for the purpose of obtaining rent or capital gains, or both, are classified as "investment property", rather than for use in the production of goods and services or for sale for administrative purposes or during normal course of business. The investment properties of the Group are revalued based on the expertise report prepared by ROTA Taşınmaz Değerleme ve Danışmanlık A.Ş. Investment properties (except land) are depreciated on a straight-line basis in accordance with the useful life and acquisition date.

Investments are revaluated for possible impairment, and if the carrying amount of an investment property exceeds to the recoverable amount of the investment property at the end of the evaluation, the provision is reduced to its recoverable amount. Recoverable amount is recognized as the higher of net cash flows from the current use of the investment property and the net selling price.

### **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.

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### **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.

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

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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.

## **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 of 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.

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***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.

***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 12 months). 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.



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**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.

**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

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.

**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..

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### **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.

The foreign currency rates for USD, EUR, GBP and CHF used at the end of the period are as following:

	31.03.2019	31.12.2018
USD	5.6284	5.2609
EUR	6.3188	6.0280
GBP	7.3354	6.6528
CHF	5.6393	5.3352

### **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.

### **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.

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### **Employee Benefits / Severance Pay**

- **Social Insurance Premium**

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 31 March 2019, such payments are calculated on the basis of 30 days' pay limited to a maximum of TRY 6,017 (31 December 2018: TRY 5,434) 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:

	31.03.2019	31.12.2018
Interest rate	19.50%	23.44%
Inflation rate	12.10%	15.90%
Discount rate	6.60%	6.51%

### **Employee Benefits / Severance Pay**

- **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.

### **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.

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## **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.

## **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.

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### **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 6).

### **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.  
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.

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**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 31 March 2019, deferred tax asset is recognized for temporary losses on taxable temporary differences amounting to TRY 45,160,418 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.

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**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.

***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

The used assumptions are indicated in the related 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**

Public Oversight Accounting and Auditing Standard Authority (POA) has published principal related with transaction under common control in official journal as of 21 July 2013. Due to making up the difference related to applied accounting policies, the accounting principles those are indicated below must be applied hierarchically.

- i) Goodwill should not be included in the financial statements by the reason of accounting through the business mergers including common control business method (pooling of interest),
- ii) While using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of beginning of the reporting period when common control occurs and should be presented by comparatively from the beginning of reporting period when common control occurred,
- iii) The financial statements must be reorganized in accordance with the TAS rules including business accounting when group controller Group of consolidation obtains the controlling companies shares those are in business combinations, also for the following periods,
- iv) Due to removal of possible asset-liability mismatch after business mergers subject to common control, "Effect of the Mergers Subject to Common Control" account under the shareholders equity is used as an equaliser..

This decision will enter into force on the date of publication to be valid on annual reporting periods after 31 December 2012. Companies that have different applications of accounting principles should consider the stated accounting principles as change in accounting policy, and make necessary corrections from the first annual financial statements and companies who are obliged to make interim period reporting must give information about the topic in the footnotes

On 18 July 2016, the Group acquired the share of Tan Elektrik Üretim A.Ş. (Tan Elektrik) management privilege from the Group (nomination of more than one half of the members of the board of directors) by paying TRY 1,800,000 to common control Smyrna Seracılık Ticaret A.Ş., equal to 15% of total shares. With the general assembly meeting decision held on 21 December 2016 , paid-in capital of the Tan Elektrik increased from TRY 12,000,000 to TRY 30,000,000 and the increased portion of TRY 18,000,000 was fully paid by the Group. With this capital increase, the Group 's direct shares in Tan Elektrik increased to 66% and direct + indirect shares increased to 67.90%. With the extraordinary general meeting decision held on 21 December 2016 , paid-in capital of the Akça Enerji Üretim Otoprodüktöre Grubu A.Ş. ( subsidiary of the Group) increased from TRY 28,000,000 to TRY 70,000,000 and the increased portion of TRY 42,000,000 was fully paid by the Group. With this capital increase, the Group 's direct shares in Akça Enerji increased to 68% and direct + indirect shares increased to 80.42%.

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.



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**NOTE 3 – SEGMENT REPORTING**

31 March 2019	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	3,412,110	29,432	9,197,035	-	12,638,577
Trade Receivables	70,453,759	55,582,415	6,796,329	-	132,832,503
Other Receivables	124,896,498	366,174	9,550,182	(122,008,204)	12,804,650
Inventories	352,876,575	67,502,809	550,494	-	420,929,878
Biological Assets	-	2,256,940	-	-	2,256,940
Prepaid Expenses	5,058,491	157,636	4,453,709	-	9,669,836
Current Tax Assets	137,128	84,894	8,192	-	230,214
Other Current Assets	65,704,103	5,262,836	9,141,207	-	80,108,146
<b>Current Assets</b>	<b>622,538,664</b>	<b>131,243,136</b>	<b>39,697,148</b>	<b>(122,008,204)</b>	<b>671,470,744</b>
Financial Investments	82,180,000	1,142,000	12,800,010	(96,122,010)	-
Other Receivables	57,416	15,682	91,463	-	164,561
Investments Valued by Equity Pick-up Method	156,046,562	-	-	-	156,046,562
Investment Properties	65,908,752	-	-	-	65,908,752
Tangible Assets	153,611,219	18,178,055	255,714,248	-	427,503,522
Right of use assets	970,591	66,928	448,678	-	1,486,197
Intangible Assets	7,005,385	3,154	5,788	-	7,014,327
Prepaid Expenses	2,110,255	112,477	4,799,795	-	7,022,527
Deferred Tax Assets	24,634,164	718,302	20,099,995	(4,404,954)	41,047,507
<b>Non-Current Assets</b>	<b>492,524,344</b>	<b>20,236,598</b>	<b>293,959,977</b>	<b>(100,526,964)</b>	<b>706,193,955</b>
<b>TOTAL ASSETS</b>	<b>1,115,063,008</b>	<b>151,479,734</b>	<b>333,657,125</b>	<b>(222,535,168)</b>	<b>1,377,664,699</b>
<b>LIABILITIES</b>					
Current Liabilities	365,057,339	3,427,350	-	-	368,484,689
Current Installments of Long Term Financial Borrowings	83,273,879	62,098	48,879,309	-	132,215,286
Trade Payables	163,351,953	12,421,269	7,651,009	-	183,424,231
Employee Benefits Liabilities	18,792,868	644,937	327,274	-	19,765,079
Other Payables	3,347,146	117,370,129	5,243,777	(122,008,204)	3,952,848
Derivative Financial Instruments	136,775	-	-	-	136,775
Deferred Income	521,237	416,789	1,825,567	-	2,763,593
Current Provisions	4,733,340	224,559	319,208	-	5,277,107
<b>Current Liabilities</b>	<b>639,214,537</b>	<b>134,567,131</b>	<b>64,246,144</b>	<b>(122,008,204)</b>	<b>716,019,608</b>
Long Term Borrowings	96,477,738	25,065	296,637,740	-	393,140,543
Provisions For Long Term Employee Benefits	37,771,489	1,016,758	193,657	-	38,981,904
Deferred Tax Liabilities	1,504,266	631,375	5,924,975	(4,404,954)	3,655,662
<b>Non-Current Liabilities</b>	<b>135,753,493</b>	<b>1,673,198</b>	<b>302,756,372</b>	<b>(4,404,954)</b>	<b>435,778,109</b>
Paid in Capital	250,000,000	12,000,000	108,000,000	(120,000,000)	250,000,000
Inflationary Adjustments of Shareholders' Equity	485,133	-	-	-	485,133
Effect of Mergers Involving Undertakings or Businesses Subject to Common Control	-	-	-	(25,567,435)	(25,567,435)
Accumulated other comprehensive income / expense not to be reclassified on profit or loss	-	-	-	-	-
Defined Benefit Plans Re-Measurement Gains / (Losses)	364,559	15,067	(9,028)	(651)	369,947
Restricted Reserves	10,147,245	62,532	127,759	(127,759)	10,209,777
Retained Earnings / Losses	92,504,941	612,130	(130,524,029)	60,297,292	22,890,334
Net Profit / Loss for the Period	(13,406,900)	2,549,676	(10,940,093)	2,490,971	(19,306,346)
Minority Interest	-	-	-	(13,214,428)	(13,214,428)
<b>SHAREHOLDERS' EQUITY</b>	<b>340,094,978</b>	<b>15,239,405</b>	<b>(33,345,391)</b>	<b>(96,122,010)</b>	<b>225,866,982</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,115,063,008</b>	<b>151,479,734</b>	<b>333,657,125</b>	<b>(222,535,168)</b>	<b>1,377,664,699</b>

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31 March 2019	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
Revenue	176,524,071	49,544,059	21,970,249	(143,098)	247,895,281
Cost of Sales (-)	(154,195,124)	(43,999,512)	(11,063,939)	143,098	(209,115,477)
<b>GROSS PROFIT/LOSS</b>	<b>22,328,947</b>	<b>5,544,547</b>	<b>10,906,310</b>	-	<b>38,779,804</b>
General Administrative Expenses (-)	(6,229,969)	(480,774)	(362,315)	20,597	(7,052,461)
Marketing Expenses (-)	(6,966,740)	(99,662)	-	-	(7,066,402)
Research and Development Expenses (-)	(261,004)	-	-	-	(261,004)
Other Operating Income	11,151,413	395,323	512,565	(20,597)	12,038,704
Other Operating Expenses (-)	(7,018,644)	(2,167,149)	(93,693)	-	(9,279,486)
<b>OPERATING PROFIT/LOSS</b>	<b>13,004,003</b>	<b>3,192,285</b>	<b>10,962,867</b>	-	<b>27,159,155</b>
Income from Investing Activities	-	-	176	-	176
Expense from Investing Activities(-)	-	-	(11,384)	-	(11,384)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	1,179,596	-	-	-	1,179,596
<b>OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES</b>	<b>14,183,599</b>	<b>3,192,285</b>	<b>10,951,659</b>	-	<b>28,327,543</b>
Financial Income (+)	3,757,862	-	384,163	(810,852)	3,331,173
Financial Expenses (-)	(33,705,804)	(745,417)	(22,445,222)	810,852	(56,085,591)
<b>OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION</b>	<b>(15,764,343)</b>	<b>2,446,868</b>	<b>(11,109,400)</b>	-	<b>(24,426,875)</b>
Operating Activity Tax Income / (Expense)	-	-	-	-	-
- Current Tax Income/(Expense)	-	-	-	-	-
- Deferred Tax Income/Expense	2,357,443	102,808	169,307	-	2,629,558
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(13,406,900)</b>	<b>2,549,676</b>	<b>(10,940,093)</b>	-	<b>(21,797,317)</b>

31 March 2019	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
<b>Assets by Segments</b>					
Investment Property	65,908,752	-	-	-	65,908,752
Total Tangible Assets (Net Book Value)	153,611,219	18,178,055	255,714,248	-	427,503,522
Right of Use Assets (Net Book Value)	970,591	66,928	448,678	-	1,486,197
Total Intangible Assets (Net Book Value)	7,005,385	3,154	5,788	-	7,014,327
Purchases of Tangible and Intangible Assets	5,738,057	15,024	1,173,261	-	6,926,342
Purchases of Investment Property	5,408,752	-	-	-	5,408,752
Depreciation Expenses	4,376,157	556,855	2,922,187	-	7,855,199
Total Assets	70,436,687	4,629,141	13,814,466	-	88,880,294
Total Liabilities	606,086,625	416,789	345,404,110	-	951,907,524
Net Asset/ (Liability) Position of Foreign Currency Derivative Instruments Out of Financial Statements	23,067,793	-	-	-	23,067,793
Net Foreign Currency Asset/ Liabilities	(512,582,145)	4,212,352	(331,589,644)	-	(839,959,437)
<b>Financial Payables</b>	<b>544,808,956</b>	<b>3,514,513</b>	<b>345,517,049</b>	-	<b>893,840,518</b>
- USD	90,852,530	-	109,517,555	-	200,370,085
- EUR	444,604,017	-	235,532,241	-	680,136,258
- GBP	-	-	-	-	-
- TRY	9,352,409	3,514,513	467,253	-	13,334,175
Export	133,658,811	7,948,318	-	-	141,607,129
Import	66,718,062	-	-	-	66,718,062
Total Debt	774,968,030	136,240,329	367,002,516	(126,413,158)	1,151,797,717
Cash Equivalents	(3,412,109)	(29,432)	(9,197,036)	-	(12,638,577)
Net Debt	771,555,921	136,210,897	357,805,480	(126,413,158)	1,139,159,140
Total Equity	340,094,978	15,239,405	(33,345,391)	(96,122,010)	225,866,982
Total Capital	1,111,650,899	151,450,302	324,460,089	(222,535,168)	1,365,026,122
Net Debt/Total Capital Ratio	69%	90%	110%	-	83%

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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:

<b>Region</b>	<b>01.01-31.03.2019</b>	<b>01.01-31.03.2018</b>
Germany	62%	44%
Italy	11%	10%
Netherlands	5%	6%
Russia	4%	-
England	3%	4%
France	3%	2%
Sweden	2%	-
Poland	2%	3%
China	2%	3%
U.S.A	1%	21%
Other	5%	7%
	<b>100%</b>	<b>100%</b>

**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. As of 31 March 2019, the share of the largest buyers in the revenue from textile sector operations is 60,18% and agriculture sector operations is 83,46 %. (31 March 2018: the largest one, textile sector, 42,96%; agriculture sector, 42,69%) (Note 32)

**NOTE 4 – CASH AND CASH EQUIVALENTS**

As of 31 March 2019 and 31 December 2018, the details of cash and cash equivalents are as follows:

	<b>31.03.2019</b>	<b>31.12.2018</b>
Cash	123,619	51,669
<b>Banks</b>	<b>12,514,958</b>	<b>30,610,611</b>
<i>Demand deposits</i>	5,792,689	19,278,109
<i>Time deposits</i>	6,722,269	11,332,502
	<b>12,638,577</b>	<b>30,662,280</b>

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As of 31 March 2019 and 31 December 2018 maturity schedule of time deposits in the cash and cash equivalents are as follows:

	<b>31.03.2019</b>	<b>31.12.2018</b>
Within 1 month	761,000	10,783,558
1-3 month	5,961,269	548,944
	<b>6,722,269</b>	<b>11,332,502</b>

As of 31 March 2019, effective interest rates of time deposits in USD is 3.20% - 3.60 % , in EUR is 1.40% - 2% (31.12.2018: in TRY 23.71% - 25.56%, in EUR 2.04%).

As of 31 March 2019, there is no deposit pledge on the Group's bank deposits. (31.12.2018: None.)

**NOTE 5 – FINANCIAL INVESTMENTS**

**Short term financial investments**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Time deposits longer than 3 months	-	705,432
	-	705,432

**Long term financial investments**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	9,650,000
Provision for losses	-	(3,687,129)
	-	<b>5,962,871</b>

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**NOTE 6 – RELATED PARTY TRANSACTIONS**

**i) Due from / to related parties:**

**a) Trade receivables from related parties (Note 7):**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Osman Akça Tarım Ürünleri	51,894,813	48,174,281
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,801,861	1,525,849
Menderes Tekstil Pazarlama A.Ş.	-	92,405
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	16,300	3,082
Akçamen Tekstil A.Ş.	-	-
Unearned interests	(345,712)	(309,557)
	<b>53,367,262</b>	<b>49,486,060</b>

**b) Trade payables to related parties (Note 7):**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	426,204	5,764,261
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	83,752	
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	-	1,112,514
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	428	-
Unearned interests	(17,535)	(135,379)
	<b>492,849</b>	<b>6,741,396</b>

**c) Other receivables from related parties (Note 9):**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Akça Holding A.Ş.	8,034,775	2,746,057
Ali Atlamaz	-	100
	<b>8,034,775</b>	<b>2,746,157</b>

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**d) Other payables to related parties (Note 9):**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Rıza Akça	85,449	87,218
Ahmet Bilge Göksan	1,400	35,400
	<b>86,849</b>	<b>122,618</b>

**e) Advances given to related parties:**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Rıza Akça	37,994	-
	<b>37,994</b>	<b>-</b>

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

**a) Sales to related parties:**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	40,523,296	10,931,611
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,457,250	1,269,630
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	29,167	24,628
Menderes Tekstil Pazarlama A.Ş.	-	1,777
	<b>42,009,713</b>	<b>12,227,646</b>

**b) Purchases from related parties:**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	8,398,104	2,096,231
Akça Holding A.Ş.	-	17,127
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	11,695	448
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	959	783
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	3,183	248
	<b>8,413,941</b>	<b>2,114,837</b>

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**c) Fixed asset purchases from related parties:**

	01.01.- 31.03.2019	01.01.- 31.03.2018
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	5,325,000	-
	<b>5,325,000</b>	<b>-</b>

**d) Participation sales to related parties (Share sale of Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.) :**

	01.01.- 31.03.2019	01.01.- 31.03.2018
Akça Holding A.Ş.	9,650,000	-
	<b>9,650,000</b>	<b>-</b>

**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.- 31.03.2019	01.01.- 31.03.2018
Benefits provided to senior management	194,524	166,474
	<b>194,524</b>	<b>166,474</b>

**b Service expenses paid to related parties:**

	01.01.- 31.03.2019	01.01.- 31.03.2018
Akça Holding A.Ş.	152,505	156,321
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	72,284	181,997
Menderes Tekstil Pazarlama A.Ş.	-	160,537
	<b>224,789</b>	<b>498,855</b>

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**c Rent income from related parties:**

	<b>01.01.-</b> <b>31.03.2019</b>	<b>01.01.-</b> <b>31.03.2018</b>
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	32,550	26,250
Akça Holding A.Ş.	32,370	26,100
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	29,850	24,450
Menderes Tekstil Pazarlama A.Ş.	1,500	3,645
Akçamen Tekstil Sanayi Ticaret A.Ş.	1,500	1,500
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	1,500	1,500
	<b>99,270</b>	<b>83,445</b>

**d Rent expenses paid to related parties:**

	<b>01.01.-</b> <b>31.03.2019</b>	<b>01.01.-</b> <b>31.03.2018</b>
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	30,000	-
Menderes Tekstil Pazarlama A.Ş.	-	13,983
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	-	9,066
	<b>30,000</b>	<b>23,049</b>

**e Service income from related parties:**

	<b>01.01.-</b> <b>31.03.2019</b>	<b>01.01.-</b> <b>31.03.2018</b>
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	36,572	-
	<b>36,572</b>	<b>-</b>

**f Foreign exchange income from related parties (Note 29.1):**

	<b>01.01.-</b> <b>31.03.2019</b>	<b>01.01.-</b> <b>31.03.2018</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	607,219	-
	<b>607,219</b>	<b>-</b>



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**g Interest income from related parties (Note 29.1):**

	01.01.- 31.03.2019	01.01.- 31.03.2018
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	143,377	617,810
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	-	-
Rıza Akça	32,198	-
Akça Holding A.Ş.	108,249	681
	<b>283,824</b>	<b>618,491</b>

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**h Foreign exchange paid to related parties (Note 29.2):**

	01.01.- 31.03.2019	01.01.- 31.03.2018
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	558,129	-
	<b>558,129</b>	<b>-</b>

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**NOTE 7 – TRADE RECEIVABLES AND TRADE PAYABLES**

**Short Term Trade Receivables**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Trade receivables	71,971,208	102,194,476
Cheques and notes	1,303,428	857,101
Unearned interest on trade receivables	(540,683)	(1,019,573)
Doubtful trade receivables	676,569	731,311
Provision for doubtful receivables (-)	(676,569)	(731,311)
Income accruals	6,731,288	5,733,161
<b>Trade Receivables From Third Parties</b>	<b>79,465,241</b>	<b>107,765,165</b>
Trade receivables from related parties (Note 6-i-a)	53,676,402	49,759,045
Income accruals from related parties (Note 6-iii-e)	36,572	36,572
Unearned interests on related party receivables (Note 6-i-a)	(345,712)	(309,557)
<b>Trade Receivables From Related Parties</b>	<b>53,367,262</b>	<b>49,486,060</b>
<b>Total Short-Term Trade Receivables</b>	<b>132,832,503</b>	<b>157,251,225</b>

As of 31 March 2019, the average maturity of trade receivables are 31 days.(31 December 2018: 36 days).

Maturity schedule of notes receivables as of 31 March 2019 and 31 December 2018 are as follows:

	<b>31.03.2019</b>	<b>31.12.2018</b>
1-30 days	91,829	282,889
31-60 days	229,179	221,757
61-90 days	400,886	352,455
91-120 days	97,168	-
121-150 days	150,000	-
151-180 days	334,366	-
	<b>1,303,428</b>	<b>857,101</b>

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As of 31 March 2019 and 31 December 2018, provision for doubtful receivables movement schedule is as follows:

	<b>31.03.2019</b>	<b>31.12.2018</b>
Opening balance	731,311	54,600
Collection for period	(54,742)	-
Offsetting of balances that can not be collected (*)	-	(25,376)
Provision for the period	-	702,087
<b>Kapanış bakiyesi</b>	<b>676,569</b>	<b>731,311</b>

(\*)The balances likely will not to be collected in the future and the reversed provisions are of settes with reciprocatively.

**Short Term Trade Payables**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Trade payables	143,682,860	138,354,448
Unearned interests on trade payables	(2,989,432)	(2,494,391)
Notes payables	34,634,654	25,110,523
Unearned interests on payables	(734,306)	(447,459)
Expense accruals	8,337,606	7,952,178
<b>Trade Payables To Third Parties</b>	<b>182,931,382</b>	<b>168,475,299</b>
Payables to related parties (Note 6-i-b)	510,384	6,876,775
Unearned interests on notes payables to related parties(Note 6-i-b)	(17,535)	(135,379)
<b>Trade Payables to Related Parties</b>	<b>492,849</b>	<b>6,741,396</b>
<b>Total Short Term Trade Payables</b>	<b>183,424,231</b>	<b>175,216,695</b>

As of 31 March 2019,the average maturity of trade payables are 65 days. (31 December 2018: 52 days).

As of 31 31 March 2019, the surety bond amounting to USD 12,606,929 (70,956,839 TRY) and EUR 186,350 (TRY 1,178,646) were given for trade payables of the Group by bank. (31.12.2018:USD 10,889,271 (TRY 57,287,367)) (Note 20).

As of 31 March 2019 and 31 December 2018, maturity breakdown of notes payables are as follows:

	<b>31.03.2019</b>	<b>31.12.2018</b>
1 – 30 days	16,338,523	14,410,310
31 – 60 days	11,165,229	8,969,892
61 – 90 days	6,817,522	1,730,321
210-240 days	313,380	-
	<b>34,634,654</b>	<b>25,110,523</b>

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**NOTE 8 – FINANCIAL BORROWINGS**

	<b>31.03.2019</b>	<b>31.12.2018</b>
<b>Short Term Borrowings:</b>		
TRY borrowings	11,637,479	5,095,587
USD borrowings	63,471,729	51,438,106
EUR borrowings	293,252,696	261,479,217
Credit card liabilities(TRY)	122,785	83,241
<b>Short Term Financial Borrowings</b>	<b>368,484,689</b>	<b>318,096,151</b>
<b>Lease Payables:</b>		
EUR lease payables, net	2,668,888	2,652,223
<b>Operating Lease Payables</b>		
Operating lease payables,net	643,562	-
<b>Bank Borrowings:</b>		
USD borrowings	30,043,077	25,529,285
EUR borrowings	98,859,759	101,366,587
<b>Current Installments of Long-Term Borrowings</b>	<b>132,215,286</b>	<b>129,548,095</b>
<b>Long Term Lease Payables:</b>		
EUR lease payables, net	4,111,851	4,489,345
<b>Operating Lease Payables</b>		
Operating lease payables,net	930,349	-
<b>Long Term Bank Borrowings:</b>		
USD borrowings	106,855,279	101,377,839
EUR borrowings	281,243,064	287,914,850
<b>Long Term Financial Borrowings</b>	<b>393,140,543</b>	<b>393,782,034</b>
<b>Total Financial Liabilities</b>	<b>893,840,518</b>	<b>841,426,280</b>

As of 31 March 2019 and 31 December 2018, maturity analysis of borrowings and other financial borrowings are as follows:

	<b>31.03.2019</b>	<b>31.12.2018</b>
Within 3 months	182,610,723	158,900,348
Between 3 - 12 months	314,776,802	286,091,675
Between 1 - 5 years	272,647,500	315,201,366
More than 5 years	115,450,843	74,091,323
	<b>885,485,868</b>	<b>834,284,712</b>

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As of 31 March 2019 and 31 December 2018, maturity schedule of long term bank borrowings are as follows:

	<b>31.03.2019</b>	<b>31.12.2018</b>
Between 1-2 years	106,438,337	110,679,143
Between 2-3 years	77,544,339	74,622,689
Between 3-4 years	52,075,777	55,500,280
Between 4-5 years	38,480,479	36,528,683
Between 5-6 years	32,106,393	30,897,320
Between 6-7 years	26,296,651	25,632,442
Between 7-8 years	23,359,176	22,282,547
Between 8-9 years	18,656,210	17,848,149
Between 9-10 years	6,938,499	9,416,470
Between 10-11 years	3,168,906	3,006,684
Between 11-12 years	3,033,576	2,878,282
	<b>388,098,343</b>	<b>389,292,689</b>

As of 31 March 2019, effective interest rates for USD and EUR bank loans are 5.75% and 3.51% (31.12.2018: USD 6.01% ve EUR 3.59%)

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 759,552,580), EUR 25,000,000 (TRY 157,970,000) and TRY 98,910,000.

As of 31 March 2019 and 31 December 2018, the details of financial leasing borrowings of Group are as follows:

	<b>31.03.2019</b>	<b>31.12.2018</b>
Short term lease payables	2,955,604	2,956,939
Cost of deferred lease payables (-)	(286,716)	(304,716)
	<b>2,668,888</b>	<b>2,652,223</b>
	<b>31.03.2019</b>	<b>31.12.2018</b>
Long term lease payables	4,283,545	4,708,360
Cost of deferred lease payables (-)	(171,694)	(219,015)
	<b>4,111,851</b>	<b>4,489,345</b>

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As of 31 March 2019, the repayment schedule of lease payables are as follows:

	<b>Lease payables</b>	<b>Cost of deferred lease payables</b>	<b>Total liabilities</b>
Between 0 – 1 years	2,955,604	(286,716)	2,668,888
Between 1 – 2 years	2,768,560	(146,431)	2,622,129
Between 2 – 3 years	1,514,985	(25,263)	1,489,722
	<b>7,239,149</b>	<b>(458,410)</b>	<b>6,780,739</b>

As of 31 December 2018, the repayment schedule of lease payables are as follows:

	<b>Lease payables</b>	<b>Cost of deferred lease payables</b>	<b>Total liabilities</b>
Between 0 – 1 years	2,956,939	(304,716)	2,652,223
Between 1 – 2 years	2,703,306	(173,955)	2,529,351
Between 2 – 3 years	2,005,054	(45,060)	1,959,994
	<b>7,665,299</b>	<b>(523,731)</b>	<b>7,141,568</b>

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	<b>31.03.2019</b>	<b>31.12.2018</b>
Operating Lease Payables	1,573,911	-
	<b>1,573,911</b>	<b>-</b>

As of 31 March 2019, the repayment schedule of operating lease payables are as follows

	<b>31.03.2019</b>	<b>31.12.2018</b>
Between 0 – 1 years	643,562	-
Between 1 – 2 years	474,018	-
Between 2 – 3 years	274,776	-
Between 3 – 4 years	91,990	-
Between 4 – 5 years	89,565	-
	<b>1,573,911</b>	<b>-</b>

**NOTE 9 – OTHER RECEIVABLES AND PAYABLES**

**Other Current Receivables**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Deposit and guarantees given	377,851	302,146
VAT return receivables	3,706,392	4,960,569
Other receivables	685,632	376,974
<b>Other Receivables from Third Parties</b>	<b>4,769,875</b>	<b>5,639,689</b>
Receivables from shareholders (Note 6-i-c)	8,034,775	2,746,157
<b>Other Receivables From Related Parties</b>	<b>8,034,775</b>	<b>2,746,157</b>
<b>Total Other Current Receivables</b>	<b>12,804,650</b>	<b>8,385,846</b>

**Other Non-Current Receivables**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Deposits and guarantees given	164,561	187,210
	<b>164,561</b>	<b>187,210</b>

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**Other Current Payables**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Deposit and guarantees received	396,538	372,897
Taxes and funds payable	1,576,226	2,598,637
Liabilities from tax base increase regarding to Law 7143	382,446	510,018
Notes payable given as advance	1,500,000	4,000,000
Other sundry payables	10,789	4,811
<b>Other Payables to Third Parties</b>	<b>3,865,999</b>	<b>7,486,363</b>
Payables to shareholders (Note 6-i-d)	86,849	122,618
<b>Other Payables to Related Parties</b>	<b>86,849</b>	<b>122,618</b>
<b>Total Other Current Payables</b>	<b>3,952,848</b>	<b>7,608,981</b>

**NOTE 10 – DERIVATIVE INSTRUMENTS**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Income accrual of forward exchange	-	7,400
	-	<b>7,400</b>
	<b>31.03.2019</b>	<b>31.12.2018</b>
Expense accrual of forward exchange	136,775	44,900
	<b>136,775</b>	<b>44,900</b>



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**NOTE 11 – INVENTORIES**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Raw materials	125,617,269	140,788,159
Semi-finished products	191,501,368	123,914,118
Finished goods	37,158,463	16,245,387
Trade goods	163,839	906,815
Other inventories	612,074	195,040
Agricultural products (Figs, Apricot and Grape)	65,876,865	60,548,397
	<b>420,929,878</b>	<b>342,597,916</b>

All inventories of the Group are covered by insurance coverage.

**NOTE 12 – BIOLOGICAL ASSETS**

**Current Biological Assets**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Biological assets (Tomato)	2,256,940	3,047,901
	<b>2,256,940</b>	<b>3,047,901</b>

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 13 – PREPAID EXPENSES AND DEFERRED INCOME**

**Short Term Prepaid Expenses**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Order advances given	7,027,258	5,505,036
Prepaid expenses	1,458,775	1,998,318
Advances given for business purposes	1,183,803	101,658
	<b>9,669,836</b>	<b>7,605,012</b>

**Long Term Prepaid Expenses**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Advances given for purchases of tangible assets	6,867,105	5,988,733
Prepaid expenses	155,422	153,581
	<b>7,022,527</b>	<b>6,142,314</b>

**Short Term Deferred Income**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Advances received	2,763,593	3,641,021
Deferred income	-	207,724
	<b>2,763,593</b>	<b>3,848,745</b>

**NOTE 14 – CURRENT TAX ASSETS**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Prepaid taxes and funds	230,214	507,116
	<b>230,214</b>	<b>507,116</b>

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**NOTE 15 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD**

As of 31 March 2019 and 31 December 2018, the companies accounted by equity pick up method are as follows:

	<b>31.03.2019</b>	<b>Share (%)</b>	<b>31.12.2018</b>	<b>Share (%)</b>
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	156,046,562	48%	166,386,966	48%
	<b>156,046,562</b>		<b>166,386,966</b>	

The total assets, liabilities and owner's equity of the investments which are evaluated by the equity pick up method with their summary of income statement related to the periods ended 31 March 2019 and 31 December 2018 are as follows:

*Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.*

	<b>31.03.2019</b>	<b>31.12.2018</b>
Current assets	84,030,839	90,529,219
Non-current assets	276,385,475	290,447,948
<b>Total Assets</b>	<b>360,416,314</b>	<b>380,977,167</b>
Current liabilities	18,231,746	15,973,311
Non-current liabilities	17,087,563	18,364,343
Shareholders' equity	325,097,005	346,639,513
Minority interest	--	--
<b>Total Equities</b>	<b>360,416,314</b>	<b>380,977,167</b>
Sales, net	87,589,806	330,634,274
Cost of sales	(88,264,567)	(312,275,110)
Net profit / (loss)	3,535,925	20,632,006

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**NOTE 16 – INVESTMENT PROPERTIES**

<b>Cost Value</b>	<b>Lands</b>	<b>Total</b>
01 January 2018 opening balance	58,000,000	58,000,000
Additions	6,943,449	6,943,449
Fair value	(4,443,449)	(4,443,449)
31 December 2018 closing balance	60,500,000	60,500,000
Additions	5,408,752	5,408,752
31 March 2019 closing balance	65,908,752	65,908,752

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**NOTE 17 – TANGIBLE ASSETS**

Cost Value	Land	Land Improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Special costs	Total
01 January 2018 opening balance	4,765,171	73,222,407	80,206,696	354,324,493	2,990,380	14,801,038	58,896,805	-	589,206,990
Additions	-	-	1,827,721	55,660,449	555,967	1,344,107	60,022,050	9,175	119,419,469
Disposals	-	-	-	(24,323)	(166,000)	-	-	-	(190,323)
Transfers	-	9,451,556	10,098,991	86,774,028	-	175,036	(108,095,988)	-	(1,596,377)
31 December 2018 closing balance	4,765,171	82,673,963	92,133,408	496,734,647	3,380,347	16,320,181	10,822,867	9,175	706,839,759
Additions	-	-	-	1,380,003	-	227,243	5,240,498	-	6,847,744
Disposals	-	-	-	(66,382)	-	(1,763)	-	-	(68,145)
Transfers	-	-	-	34,000	-	-	(821,173)	-	(787,173)
31 March 2019 closing balance	4,765,171	82,673,963	92,133,408	498,082,268	3,380,347	16,545,661	15,242,192	9,175	712,832,185
<b>Accumulated Depreciation</b>									
01 January 2018 opening balance	-	20,286,815	19,380,021	203,598,119	1,435,430	7,082,198	-	-	251,782,583
Additions	-	4,577,471	1,777,035	18,030,893	22,896	1,843,598	-	917	26,252,810
Disposals	-	-	-	(3,081)	(166,000)	-	-	-	(169,081)
31 December 2018 closing balance	-	24,864,286	21,157,056	221,625,931	1,292,326	8,925,796	-	917	277,866,312
Additions	-	1,222,882	469,459	5,292,043	13,899	469,617	-	459	7,468,359
Disposals	-	-	-	(5,832)	-	(176)	-	-	(6,008)
31 March 2019 closing balance	-	26,087,168	21,626,515	226,912,142	1,306,225	9,395,237	-	1,376	285,328,663
<b>31.12.2018, Net Book Value</b>	<b>4,765,171</b>	<b>57,809,677</b>	<b>70,976,352</b>	<b>275,108,716</b>	<b>2,088,021</b>	<b>7,394,385</b>	<b>10,822,867</b>	<b>8,258</b>	<b>428,973,447</b>
<b>31.03.2019, Net Book Value</b>	<b>4,765,171</b>	<b>56,586,795</b>	<b>70,506,893</b>	<b>271,170,126</b>	<b>2,074,122</b>	<b>7,150,424</b>	<b>15,242,192</b>	<b>7,799</b>	<b>427,503,522</b>

As of 31 March 2019, the depreciation expense of tangible assets for the period is TRY 7,468,359 (31 December 2018: TRY 26,252,810).

As of 31 March 2019, fixed assets are insured by TRY 10,268,519 ,EUR 22,789,500 (TRY 144,002,293), USD 132,369,954 (TRY 754,031,049). (31 December 2018: TRY 8,143,929, EUR 22,789,500 (TRY 137,375,106), USD 132,369,954 (TRY 696,385,091).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 134,950,000 (TRY 759,552,580), EUR 25,000,000 (TRY 157,970,000) and TRY 98,910,000.

As of 31 March 2019, net book value of leasing machines is TRY 8,688,020 (31.12.2018: 8,859,513 TRY).

Borrowing cost in the period of 1 January – 31 December 2018 is added to construction in progress which is amounting to TRY 14,371,605 regarding to the borrowing of Akça Enerji Üretim Otoproduktör Grubu A.Ş.'s power plant. As of 31 March 2019, There is no borrowing cost of Group.

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**NOTE 18 – RIGHT-OF-USE ASSETS**

<b>Cost Value</b>	<b>Lands</b>	<b>Buildings</b>	<b>Plants</b>	<b>Vehicles</b>	<b>Total</b>
31 December 2018 closing balance	-	-	-	-	-
Change in accounting policy	328,832	359,181	150,598	481,857	1,320,468
Additions	-	-	-	591,342	591,342
31 March 2019 closing balance	328,832	359,181	150,598	1,073,199	1,911,810
<b>Accumulated Depreciation</b>					
31 December 2018 closing balance	-	-	-	-	-
Change in accounting policy	-	27,630	71,121	160,972	259,723
Additions	16,443	41,445	12,549	95,453	165,890
31 March 2019 closing balance	16,443	69,075	83,670	256,425	425,613
<b>31.12.2018, Net Book Value</b>	-	-	-	-	-
<b>31.03.2019, Net Book Value</b>	<b>312,389</b>	<b>290,106</b>	<b>66,928</b>	<b>816,774</b>	<b>1,486,197</b>

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**NOTE 19 – INTANGIBLE ASSETS**

<b>Cost Value</b>	<b>Rights</b>	<b>Research and Development Expenses</b>	<b>Other Intangible Assets</b>	<b>Total</b>
01 January 2018 opening balance	501,522	2,910,544	885,257	4,297,323
Additions	-	2,129,658	-	2,129,658
Transfer	-	1,596,377	-	1,596,377
31 December 2018 closing balance	501,522	6,636,579	885,257	8,023,358
Additions	-	-	78,598	78,598
Transfer	-	787,173	-	787,173
31 March 2019 closing balance	501,522	7,423,752	963,855	8,889,129
<b>Accumulated Depreciation</b>				
01 January 2018 opening balance	485,280	24,255	430,471	940,006
Additions	11,203	499,773	202,870	713,846
31 December 2018 closing balance	496,483	524,028	633,341	1,653,852
Additions	1,884	172,475	46,591	220,950
31 March 2019 closing balance	498,367	696,503	679,932	1,874,802
<b>31.12.2018, Net Book Value</b>	<b>5,039</b>	<b>6,112,551</b>	<b>251,916</b>	<b>6,369,506</b>
<b>31.03.2019, Net Book Value</b>	<b>3,155</b>	<b>6,727,249</b>	<b>283,923</b>	<b>7,014,327</b>

As of 31 March 2019, the amortization expense of intangible assets for the period is TRY 220,950 (31 December 2018: TRY 713,846).

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**NOTE 20 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

As of 31 March 2019 and 31 December 2018, the Group's guarantee / security / mortgage (“GSM”) position are as follows:

<b>Guarantees, security and mortgage “(GSM)” given by the Group</b>	<b>31.03.2019</b>	<b>31.12.2018</b>
A. Total Amount of GSM given on behalf of legal entity	1,913,833,718	1,829,986,581
B. Total Amount of GSM given for partnerships which included in full consolidation	53,903,661	51,422,939
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	Yoktur	Yoktur
D. Total Amount of other GSM given	Yoktur	Yoktur
<i>i. Total Amount of GSM given for the Parent Group</i>	Yoktur	Yoktur
<i>ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses</i>	Yoktur	Yoktur
<i>iii. Total Amount of GSM Given for Third Parties not Included in C Clause</i>	Yoktur	Yoktur
<b>Total</b>	<b>1,967,737,379</b>	<b>1,881,409,520</b>

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 643,044,700), EUR 7,500,000 (TRY 47,391,000) and TRY 107,500,000 guarantee are provided by related parties (Akça Holding and Osman Akça) (31 December 2018: USD 114,250,000(TRY 601,057,825),EUR 7,500,000 (TRY 45,210,000) and TRY 122,500,000 ).

As of 31 March 2019, the details of the guarantee given for the subsidiary Tan Elektrik’s financial borrowings to investment are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Commerzbank AG	EUR	8,456,000	6.3188	53,431,773
AKA European Export&Trade Bank	EUR	8,530,680	6.3188	53,903,661
				<b>107,335,434</b>

As of 31 March 2019, details of mortgage on lands and buildings 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	5.6284	759,552,580
Türkiye Finans Katılım Bankası A.Ş.	TRY	1,600,000	1.0000	1,600,000
Türkiye Vakıflar Bankası T.A.O	EUR	25,000,000	6.3188	157,970,000
				<b>1,016,432,580</b>



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As of 31 March 2019, 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	13,294,751	1.0000	13,294,751
Energy Market Regulatory Authority	TRY	2,025,902	1.0000	2,025,902
Customs Administration	TRY	10,760,800	1.0000	10,760,800
Credit Guarantee	USD	3,699,500	5.6284	20,822,266
Credit Guarantee	EUR	6,203,400	6.3188	39,198,044
Food, Agriculture Livestock Directorate	TRY	625,669	1.0000	625,669
Public Institutions	TRY	1,015,000	1.0000	1,015,000
				<b>87,742,432</b>

As of 31 March 2019, 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	27,539,123	1.0000	27,539,123
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Halk Bank A.Ş.	TRY	125,000	1.0000	125,000
Denizbank A.Ş.	USD	3,090,500	5.6284	17,394,570
Denizbank A.Ş.	EUR	6,203,400	6.3188	39,198,044
Türkiye Finans Katılım Bankası A.Ş.	USD	609,000	5.6284	3,427,696
				<b>87,742,433</b>

As of 31 March 2019, 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	12,606,929	5.6284	70,956,839
Türkiye Vakıflar Bankası T.A.O	EUR	186,530	6.3188	1,178,646
				<b>72,135,485</b>

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As of 31 March 2019, bank details of the general borrowing contracts are as follows:

General Borrowing Contracts:	FX		FX Rate	TRY Equivalent
	Currency	FX Amount		
Albarakaturk A.Ş.	TRY	15,000,000	1.0000	15,000,000
Denizbank A.Ş.	USD	9,000,000	5.6284	50,655,600
Eximbank A.Ş.	USD	25,000,000	5.6284	140,710,000
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	5.6284	53,469,800
Odea Bank A.Ş.	TRY	33,000,000	1.0000	33,000,000
Şekerbank A.Ş.	USD	3,750,000	5.6284	21,106,500
Şekerbank A.Ş.	TRY	2,500,000	1.0000	2,500,000
Şekerbank A.Ş.	EUR	7,500,000	6.3188	47,391,000
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	5.6284	365,846,000
Arap Türk Bankası A.Ş.	USD	2,000,000	5.6284	11,256,800
				<b>797,935,700</b>

As of 31 March 2019, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX		FX Rate	TRY Equivalent
	Currency	FX Amount		
Eximbank	USD	485,000	5.6284	2,729,774
Eximbank	EUR	1,423,250	6.3188	8,993,232
				<b>11,723,006</b>

As of 31 March 2019, bank details of the bonds are as follows:

Bond	Bank Name	FX		FX Rate	TRY
		Currency	FX Amount		Equivalent
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	EUR	16,000,000	6.3188	101,100,800
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	USD	10,500,000	5.6284	59,098,200
Türk Eximbank	Halk Bank A.Ş.	EUR	12,950,000	6.3188	81,828,460
Türk Eximbank	Halk Bank A.Ş.	USD	1,000,000	5.6284	5,628,400
Türk Eximbank	Odeabank A.Ş.	EUR	1,500,000	6.3188	9,478,200
Türk Eximbank	Denizbank A.Ş.	EUR	400,000	6.3188	2,527,520
Türk Eximbank	Vakıf Faktoring A.Ş.	EUR	1,205,883	6.3188	7,619,734
T.C. Merkez Bankası	Türkiye İş Bankası A.Ş.	EUR	4,325,000	6.3188	27,328,810
T.C. Merkez Bankası	Odeabank A.Ş.	EUR	500,000	6.3188	3,159,400
T.C. Merkez Bankası	Halkbank A.Ş.	EUR	4,450,000	6.3188	28,118,660
T.C. Merkez Bankası	Denizbank A.Ş.	EUR	2,250,000	6.3188	14,217,300
T.C. Merkez Bankası	Türkiye Vakıflar Bankası T.A.O.	EUR	2,200,000	6.3188	13,901,360
					<b>354,006,844</b>

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**NOTE 21 –PROVISIONS**

**Other Short Term Provisions**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Provision for the lawsuits	356,905	557,418
Provision for unused vacation	4,920,202	3,897,322
	<b>5,277,107</b>	<b>4,454,740</b>
	<b>31.03.2019</b>	<b>31.12.2018</b>
Unused vacation provisions at beginning of period	3,897,322	2,125,159
Provisions during the period	1,022,880	1,772,163
<b>Closing balance</b>	<b>4,920,202</b>	<b>3,897,322</b>

**Long Term Provisions for Employee Benefits**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Provision for severance pay	38,981,904	35,840,240
	<b>38,981,904</b>	<b>35,840,240</b>

For the period of 01 January – 31 March 2019, the average personnel number including subcontractors employed by the Group is 4,278. (01.01-31.12.2018: 4,115). The rate of retirement probability used is 99%. (01.01-31.12.2018: % 99).

For the period ended at 31 March 2019 and 31 December 2018, the movement schedule of severance pay provision is as follows:

	<b>31.03.2019</b>	<b>31.12.2018</b>
Balance of 01 January	35,840,240	31,436,701
Increase in the period	3,975,756	9,310,122
Interest cost	1,217,971	1,943,306
Payments during the period	(1,885,206)	(7,646,802)
Actuarial profit/(loss)	(166,857)	796,913
<b>Balance at the end of the period</b>	<b>38,981,904</b>	<b>35,840,240</b>

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**NOTE 22 – EMPLOYEE BENEFIT LIABILITIES**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Due to personnel	14,307,954	12,930,451
Social security deductions payable	5,457,125	3,377,300
	<b>19,765,079</b>	<b>16,307,751</b>

**NOTE 23 – OTHER CURRENT ASSETS AND LIABILITIES**

**Other Current Assets**

	<b>31.03.2019</b>	<b>31.12.2018</b>
VAT carried forward	80,108,146	72,600,809
	<b>80,108,146</b>	<b>72,600,809</b>

**NOTE 24 – SHARE CAPITAL**

**24.1 Paid in Capital**

As of 31 December 2018, 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 31 March 2019 and 31 December 2018, Group's paid in capital is as follows:

	<b>31.03.2019</b>		<b>31.12.2018</b>	
	<b>Share (%)</b>	<b>TRY</b>	<b>Share (%)</b>	<b>TRY</b>
Public Offered Shares	46.88%	117,189,944	46.88%	117,189,944
Akça Holding A.Ş.	50.73%	126,829,500	50.73%	126,829,500
Other	2.39%	5,980,556	2.39%	5,980,556
<b>Total</b>	<b>100.00%</b>	<b>250,000,000</b>	<b>100.00%</b>	<b>250,000,000</b>

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.

**24.2 Inflation Adjustments of Shareholders' Equity**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Inflation adjustment of shareholders' equity	485,133	485,133
	<b>485,133</b>	<b>485,133</b>

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

**24.3.1 Defined Benefit Plans Re-Measurement Gains (Losses)**

	<b>31.03.2019</b>	<b>31.12.2018</b>
Defined Benefit Plans Re-Measurement Gains (Losses)	369,947	239,108
	<b>369,947</b>	<b>239,108</b>

**24.4 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.

	<b>31.03.2019</b>	<b>31.12.2018</b>
Legal reserves	10,209,777	10,209,777
	<b>10,209,777</b>	<b>10,209,777</b>

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.

**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 can not 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.

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#### 24.5 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.

#### 24.6 Minority Interest

The details of the minority interests as of 31 March 2019 are as follows:

31 March 2019	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	11,838,738	(850,991)	79.17%	20.83%	2,470,562	(177,290)	(175,198)
Tan Elektrik	994,514	(1,367,641)	67.90%	32.10%	(1,001,832)	(439,013)	(438,869)
Akça Enerji	(34,339,905)	(9,572,452)	80.42%	19.58%	(14,683,158)	(1,874,668)	(1,874,257)
					<b>(13,214,428)</b>	<b>(2,490,971)</b>	<b>(2,488,324)</b>

The details of the minority interests as of 31 December 2018 are as follows:

31 December 2018	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	12,699,645	977,927	79.17%	20.83%	2,645,760	203,735	205,828
Tan Elektrik	2,363,555	(12,995,800)	67.90%	32.10%	(562,963)	(4,171,652)	(4,171,576)
Akça Enerji	(24,766,904)	(42,563,129)	80.42%	19.58%	(12,808,901)	(8,335,559)	(8,335,588)
					<b>(10,726,104)</b>	<b>(12,303,476)</b>	<b>(12,301,336)</b>

#### NOTE 25 – SALES AND COST OF SALES

##### 25.1 Sales

	01.01.- 31.03.2019	01.01.- 31.03.2018
Domestic sales	104,883,326	49,438,620
Export sales	141,607,129	123,498,605
Other sales	2,056,748	600,213
	<b>248,547,203</b>	<b>173,537,438</b>
Sales returns	(505,758)	(332,292)
Other discounts	(146,164)	-
<b>Sales Income, (net)</b>	<b>247,895,281</b>	<b>173,205,146</b>

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**25.2 Cost of Sales**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Direct material expenses	185,550,443	96,091,670
Direct labor expenses	35,093,947	38,668,715
General production expenses	13,421,480	18,123,473
Depreciation expenses	4,043,461	3,889,692
<u>Change in semi-finished goods</u>		
1. Beginning semi-finished goods(+)	123,914,118	130,845,618
2. Ending semi-finished goods (-)	(191,501,368)	(145,395,809)
Cost of finished goods produced	170,522,081	142,223,359
<u>Changes in finished goods inventory</u>		
1. Beginning inventory (+)	16,245,387	11,866,835
2. Ending inventory (-)	(37,158,463)	(32,955,340)
Cost of finished goods sold	149,609,005	121,134,854
<u>Cost of merchandises</u>		
1. Beginning merchandise inventory (+)	906,815	794,336
2. Purchases during the period (+)	1,898,818	5,361,248
3. Ending merchandise inventory (-)	(163,839)	(538,242)
Cost of merchandises sold	2,641,794	5,617,342
Cost of other service rendered	408,636	297,174
Cost of other sales	39,567,801	10,401,913
Cost of biological assets	5,267,447	11,996,448
Depreciation of biological assets	556,855	549,677
Energy costs	8,141,752	2,915,215
Energy depreciation	2,922,187	1,831,517
<b>Cost of sales, net</b>	<b>209,115,477</b>	<b>154,744,140</b>

**(Convince translation of a report and financial statements originally issued in Turkish)**  
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As of 01 January – 31 March 2019 and 2018, for each main production group, quantities of goods and services:

	<b>Unit</b>	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Yarn	Kg	3,723,705	3,271,022
Raw Clothing	Mt2	35,054,829	26,262,137
Finishing Cloth	Mt2	42,587,028	35,904,422
Lining	Mt2	4,637,611	6,491,548
Linens, Sheets, Curtains, Pillows	Unit	4,678,405	4,126,194
Electricity	Kwh	57,490,856	36,621,674
Cotton Waste	Kg	142,128	92,904
Piece of Cloth	Kg	792,836	671,114
Yarn Waste	Kg	195,150	144,422
Textile Trash Powder	Kg	76,950	116,520
Pepper	Kg	-	13,720
Tomato	Kg	1,229,805	1,441,632
Dried Figs	Kg	216,932	426,843
Dried Apricot	Kg	186,777	127,052
Dried Grape	Kg	2,773,214	-

As of 01 January – 31 March 2019 and 2018, for each main sales group, quantities of goods and services:

	<b>Unit</b>	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Yarn	Kg	541,456	87,801
Raw Clothing	Mt2	5,744	-
Finishing Cloth	Mt2	2,658,631	4,212,097
Lining	Mt2	4,437,033	5,672,922
Linens, Sheets, Curtains, Pillows	Adet	3,939,513	3,443,180
Electricity	Kwh	39,054,638	19,117,796
Cotton Waste	Kg	78,700	100,380
Piece of Cloth	Kg	722,380	710,460
Yarn Waste	Kg	195,150	144,422
Textile Trash Powder	Kg	76,950	116,520
Pepper	Kg	-	13,720
Tomato	Kg	1,283,755	3,717,363
Dried Figs	Kg	216,932	426,843
Dried Apricot	Kg	186,777	127,052
Dried Grape	Kg	2,773,214	-



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**NOT 26 – RESEARCH AND DEVELOPMENT GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Research and development expenses	261,004	438,895
Marketing, sales and distribution expenses	7,066,402	5,524,572
General administrative expenses	7,052,461	5,358,464
	<b>14,379,867</b>	<b>11,321,931</b>

**26.1 Research and Development Expenses**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Direct Material expenses	84,465	258,098
Personnel expenses	162,608	178,428
Other expenses	13,931	2,369
	<b>261,004</b>	<b>438,895</b>

**26.2 Marketing Expenses**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Personnel expenses	2,263,876	1,760,306
Export expenses	4,230,394	2,876,050
Transportation of domestic sale	50,257	142,039
Depreciation expenses	61,565	6,382
Other expenses	205,970	471,842
Severance pay	48,094	105,897
Fair expenses	206,246	162,056
	<b>7,066,402</b>	<b>5,524,572</b>

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**26.3 General Administrative Expenses**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Personnel expenses	2,169,218	1,481,381
Insurance expenses	397,246	275,849
Representation and entertainment expenses	1,850	38,653
Communication expenses	36,741	41,087
Vehicle and office rental expenses	79,933	138,059
Education and consultancy expenses	428,355	307,067
Capital market expenses	90,211	84,477
Repair and maintenance expenses	35,995	17,737
Travelling expenses	284,751	399,106
Membership expenses	103,960	17,708
Tax and duty expenses	762,658	272,673
Shares in holding cost (*)	199,528	316,859
Notary and insurance expenses	18,080	4,349
Aid and donation expenses	25,716	26,530
Provision for severance pay expense	322,179	363,802
Provision for unused personnel leave	1,011,722	672,914
Depreciation expenses	271,131	202,914
Other expenses	813,187	697,299
	<b>7,052,461</b>	<b>5,358,464</b>

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

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**NOT 27 – OTHER OPERATING INCOME/ (EXPENSES)**

**27.1 Other Income From Operating Activities**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Reversal of unnecessary provision	215,513	-
Foreign exchange gains related to commercial activities	5,759,044	9,010,674
Discount income / expenses on payables, net	5,070,403	935,239
Turnover premium income	129,082	119,843
Rental income	864,662	1,172,703
	<b>12,038,704</b>	<b>11,238,459</b>

**27.2 Other Expenses From Operating Activities (-)**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Commission expenses	-	470,977
Foreign exchange gains related to commercial activities	3,310,001	3,259,073
Discount income / (expenses) on trade receivables	3,963,624	1,406,805
Other expenses and losses	5,861	220,121
Donation expenses	2,000,000	-
	<b>9,279,486</b>	<b>5,356,976</b>

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**NOTE 28 – INVESTMENT ACTIVITIES INCOME / EXPENSE**

**28.1 Income from Investment Activities**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Profit on sale of fixed assets	176	-
	<b>176</b>	<b>-</b>

**28.2 Expenses from Investment Activities**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Losses on sale of fixed assets	11,384	-
	<b>11,384</b>	<b>-</b>

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

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Shares related with investment valued by the equity pick-up method	1,179,596	4,899,736
	<b>1,179,596</b>	<b>4,899,736</b>

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**NOTE 29 – FINANCIAL INCOME / EXPENSES**

**29.1 Financial Income**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Interest income	220,777	148,498
Maturity differences income from related parties (6-iii-g)	283,824	618,491
Foreign exchange income regarding financial activities	2,174,453	823,814
Foreign exchange income from related parties (6-iii-f)	607,219	-
Foreign exchange income arising from future contracts	44,900	452,780
	<b>3,331,173</b>	<b>2,043,583</b>

**29.2 Financial Expenses (-)**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Interest expenses	8,529,849	4,096,514
Foreign exchange losses	43,062,046	42,759,679
Foreign expenses for related parties (6-iii-h)	558,129	-
Commission expenses of borrowings	2,477,810	398,061
Maturity differences expenses	43,863	181,569
Foreign exchange losses arising from futures contracts	174,550	690,990
Other financial expenses	1,239,344	711,018
	<b>56,085,591</b>	<b>48,837,831</b>

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**NOTE 30 –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 2019 is 22% (2018: 22%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 22% in 2019 (2018: 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*

According to Turkish Tax Legislation, deduction of financial losses which are decelerated on financial statements, are possible to deduct from profit of the Group with the condition not exceeding 5 years. However, financial losses are not possible to be set-off from previous year profits.

*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 estates regarding to new updates over the rule numbered 7061 and the rate shall be used as 50% for the tax declarations as of 2019.

*Investment Allowance Exemptions*

Post abolishment of the law numbered 5479, temporary 69 th article is added to Income Tax Legislation related investment allowance.

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According to this execution, Income and Corporation Taxpayers;

- a. As of 31 December 2005, its existence is subject and the investment allowance amount that was not able to be deducted from 2005 earnings,
- b. In the extent of investment incentive certificate which were issued and based on the application before 24 April 2003, ante abolishment of Income Tax Legislation numbered 193 and dated 09 April 2003 and law numbered 4842, in the extent of certificate the commenced investment projects relying on 1, 2, 3, 4, 5 and 6th the article of appendix and the ones commenced after 01 January 2006,
- c. In the extent of abolished 19th article of Income Tax Legislation numbered 193, the started investments prior to 01 January 2006, in terms of economical and technical completeness the ones started post the date,

In terms of regulatory provisions effective on 31 December 2005, calculated amounts of exemptions from investment allowances, again in the extent of legal provisions valid on 31 December 2005 (including tax rate related legal provisions) was deducted merely from earnings of 2006, 2007 and 2008. However, with the decision numbered 2006/95, which was taken during the meeting of the Constitutional Court on 15 October 2009, the phrase "... only related to the years 2006, 2007 and 2008..." which was a part of the Temporary Article 69 of the Income Tax Law was cancelled and the cancellation became effective from the date the decision has been published in the Official Gazette on 8 January.2010. According to the decision, the investment incentive amount outstanding that cannot be deducted from 2008 taxable income previously will be deducted from taxable income of the subsequent profitable years.

Regarding the cancellation decision taken by the Constitutional Court, an amendment was made in the 69th article in Income Tax Regulation using the regulation numbered 6009 and dated 23/07/2010. Consequently, in compliance with the cancellation decision of the Constitutional Court, the year limitation has been abolished and investment allowance has been limited to 25% of the profit. Corporate tax ratio of 30% in the previous regulation for the ones who benefit from investment allowance has been decreased to the effective corporate tax with the amendment made.

Within the frame of the Communiqué "Decision regarding Government Incentive Assistance in Investment" dated 16 July 2009 and numbered 2009/01, newly investing companies are held subject to investment incentives based on the some regions.

Investment incentives and grants are; discount in corporation and income taxes (differs from region to region), provision for the investment, interest support.

Group is qualified for the investment incentives stated above due to the current and future investment expenditures. The investment area is within the 2nd Region according to the law numbered 5520, article 32/A; so the Group is qualified for 55% discount on corporation tax rate, which reduces corporation tax rate to 9% in accordance with Communiqué, 20% of total investment expenditures will be deducted from accrued corporation tax amount in the coming periods.

**Withholding tax**

In addition to Corporation tax, it is required to calculate withholding tax from the dividends distributed by full pledge taxpayer enterprise and include in its income tax base and except dividends distributed by foreign companies to its subsidiary in Turkey. As of 23 July 2006 income tax stoppage rate was changed as 15%. Dividends that are added to capital without distribution are not subject to income tax stoppage. It is necessary to make tax withholding at 19.8% over investment allowance balance utilized based on investment incentive certificate taken before 24 April 2003. 40% or 30% of group activities directly related to production investment certificate investment expenses made after this date can be deducted. Tax withholding cannot be made on investment expenses without incentive certificate.

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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:

	31.03.2019		31.12.2018	
	Cumulative temporary differences	Deferred tax / (liability)	Cumulative temporary differences	Deferred tax / (liability)
<u>Deferred tax assets:</u>				
Unearned interests on receivables	886,395	195,007	1,329,130	292,408
Severance pay provision	38,981,904	7,796,381	35,840,240	7,168,048
Unused vacation provisions	4,920,202	1,082,444	3,897,322	857,411
Reversal of capitalized financial expenses(except land,buildings)	78,245,240	15,649,048	74,496,306	14,899,261
Reversal of capitalized financial expenses (land,buildings)	29,094,642	2,909,464	27,929,218	2,792,922
Impairment for Investment Property	4,443,449	444,345	4,443,449	444,345
Provision for losses on association	-	-	3,687,129	368,713
Deductible retained losses	45,160,418	9,935,292	37,557,346	8,262,616
Foreign exchange	1,854,843	408,065	3,503,545	770,780
Forward	136,775	30,091	37,500	8,250
Other	11,806,227	2,597,370	10,241,451	2,253,119
<b>Deferred tax assets</b>		<b>41,047,507</b>		<b>38,117,873</b>
<u>Deferred tax liabilities:</u>				
Tangible assets (land, building, land improvements and depreciations ), net	10,157,202	2,031,440	6,970,022	1,394,005
Liability rediscounts	3,741,273	823,079	3,077,229	676,991
Adjustment related to financial debts	2,287,894	503,337	1,788,904	393,559
Other	1,353,665	297,806	3,898,444	857,660
<b>Deferred tax liabilities</b>		<b>3,655,662</b>		<b>3,322,215</b>
<b>Deferred tax assets / (liabilities), net</b>		<b>37,391,845</b>		<b>34,795,658</b>

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.

Within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated 05 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the said law, deferred tax assets and liabilities are recognized in the consolidated financial statements as of 31 March 2019 with a tax rate of 22% for the portion of temporary differences that will have a tax effect in 2018, 2019 and 2020 and 20% for temporary differences and 20% for 2021 and for after this year.



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For the period ended 31 March 2019 and 31 December 2018 movements of deferred tax assets and liabilities are as follows:

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Current corporation tax	-	(207,813)
Deferred tax assets/(liabilities), net	2,629,558	5,905,186
	<b>2,629,558</b>	<b>5,697,373</b>

<b>Deferred Tax (Asset) / Liability Movements</b>	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.12.2018</b>
Opening balance	34,795,658	14,942,824
Deferred tax income / (expense)	2,629,558	19,693,452
Actuarial (gain) / loss effect prior periods	(33,371)	159,382
<b>Closing balance</b>	<b>37,391,845</b>	<b>34,795,658</b>

**NOTE 31 – EARNINGS PER SHARE**

	<b>01.01.- 31.03.2019</b>	<b>01.01.- 31.03.2018</b>
Net profit / (loss) for the period	(19,306,346)	(21,005,088)
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000
<b>Simple earnings and divided earnings pers hare (TRY)</b>	<b>(0.0772)</b>	<b>(0.0840)</b>

**NOTE 32 – FINANCIAL INSTRUMENTS**

	<b>31.03.2019</b>	<b>31.12.2018</b>
<b>Financial assets</b>		
Liquid assets	12,638,577	30,662,280
Trade receivables	132,832,503	157,251,225
Other receivables	12,969,211	8,573,056
Financial assets	-	6,668,303
<b>Financial liabilities</b>		
Borrowings	887,059,779	834,284,712
Lease payables	6,780,739	7,141,568
Other payables	3,952,848	7,608,981
Trade payables	183,424,231	175,216,695

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**NOTE 33 –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 31 March 2019, maximum net credit risk is as follows:

Credit risks exposed by types of financial instruments	Trade Receivables		Other Receivables		Bank Deposits
	Related Party	Third Party	Related Party	Related Party	
	<b>Maximum net credit risk as of balance sheet date (A+B+C+D+E)</b>	53,367,262	79,465,241	8,034,775	4,934,436
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	53,367,262	79,465,241	8,034,775	4,934,436	12,638,577
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	-	-	-	-	-
The part under guarantee with collateral etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	676,569	-	-	-
Impairment (-)	-	(676,569)	-	-	-
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 31 March 2019, Group's liquidity risk table is as follows:

31 March 2019						
Maturities according to agreement	Book Value	Contractual total cash out flow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
<b>Financial Liabilities Non Derivatives</b>	<b>1,102,172,358</b>	<b>1,212,226,975</b>	<b>359,850,905</b>	<b>351,441,034</b>	<b>323,395,613</b>	<b>177,539,423</b>
Financial borrowings	885,485,868	990,865,685	181,675,879	312,938,771	318,711,612	177,539,423
Financial leasing	6,780,739	7,714,266	794,934	2,235,331	4,684,001	-
Trade payables	183,424,231	187,165,504	154,251,797	32,913,707	-	-
- Related parties	492,849	510,384	510,384	-	-	-
- Other parties	182,931,382	186,655,120	153,741,413	32,913,707	-	-
Other liabilities	26,481,520	26,481,520	23,128,295	3,353,225	-	-
- Related parties	86,849	86,849	-	86,849	-	-
- Other parties	26,394,671	26,394,671	23,128,295	3,266,376	-	-
	<b>1,102,172,358</b>	<b>1,212,226,975</b>	<b>359,850,905</b>	<b>351,441,034</b>	<b>323,395,613</b>	<b>177,539,423</b>

As of 31 December 2018, Group's liquidity risk table is as follows:

31 December 2018						
Maturities according to agreement	Book Value	Contractual total cash out flow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
<b>Financial Liabilities Non Derivatives</b>	<b>1,044,408,452</b>	<b>1,161,127,506</b>	<b>328,171,833</b>	<b>330,128,791</b>	<b>329,403,301</b>	<b>173,423,581</b>
Financial borrowings	834,284,712	947,402,805	159,218,881	290,065,405	324,694,938	173,423,581
Financial leasing	7,141,568	7,665,300	843,607	2,113,330	4,708,363	-
Trade payables	175,216,695	178,293,924	146,766,135	31,527,789	-	-
- Related parties	6,741,396	6,876,775	6,876,775	-	-	-
- Other parties	168,475,299	171,417,149	139,889,360	31,527,789	-	-
Other liabilities	27,765,477	27,765,477	21,343,210	6,422,267	-	-
- Related parties	122,618	122,618	-	122,618	-	-
- Other parties	27,642,859	27,642,859	21,343,210	6,299,649	-	-
	<b>1,044,408,452</b>	<b>1,161,127,506</b>	<b>328,171,833</b>	<b>330,128,791</b>	<b>329,403,301</b>	<b>173,423,581</b>

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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 31 March 2019, 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 1,754,674.

**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 31 March 2019, 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 83,995,945 more/less. (%20 evaluation/devaluation : 167,991,887 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	(19,806,807)	19,806,807	(19,806,807)	19,806,807
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(19,806,807)	19,806,807	(19,806,807)	19,806,807
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(64,666,157)	64,666,157	(64,666,157)	64,666,157
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(64,666,157)	64,666,157	(64,666,157)	64,666,157
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	472,153	(472,153)	472,153	(472,153)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	472,153	(472,153)	472,153	(472,153)
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	4,866	(4,866)	4,866	(4,866)
11- Part of hedged from CHF risk (-)	-	-	-	-
12-CHF net effect(10+11)	4,866	(4,866)	4,866	(4,866)
<b>TOTAL (3+6+9+12)</b>	<b>(83,995,945)</b>	<b>83,995,945</b>	<b>(83,995,945)</b>	<b>83,995,945</b>

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	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 20% against USD				
1-USD net asset / liability	(39,613,612)	39,613,612	(39,613,612)	39,613,612
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(39,613,612)	39,613,612	(39,613,612)	39,613,612
In the case of increasing / losing value of TRY by 20% against EUR				
4- EUR net asset / liability	(129,332,314)	129,332,314	(129,332,314)	129,332,314
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(129,332,314)	129,332,314	(129,332,314)	129,332,314
In the case of increasing / losing value of TRY by 20% against GBP				
7- GBP net asset / liability	944,308	(944,308)	944,308	(944,308)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	944,308	(944,308)	944,308	(944,308)
In the case of increasing / losing value of TRY by 20% against CHF				
10- CHF net asset / liability	9,731	(9,731)	9,731	(9,731)
11- Part of hedged from CHF risk (-)	-	-	-	-
12-CHF net effect (10+11)	9,731	(9,731)	9,731	(9,731)
<b>TOTAL (3+6+9+12)</b>	<b>(167,991,887)</b>	<b>167,991,887</b>	<b>(167,991,887)</b>	<b>167,991,887</b>

As of 31 December 2018, if TRY evaluation / devaluation 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 78,144,667 more/less.

*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	(17,628,095)	17,628,095	(17,628,095)	17,628,095
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(17,628,095)	17,628,095	(17,628,095)	17,628,095
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(61,156,361)	61,156,361	(61,156,361)	61,156,361
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(61,156,361)	61,156,361	(61,156,361)	61,156,361
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	639,750	(639,750)	639,750	(639,750)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	639,750	(639,750)	639,750	(639,750)
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	39	(39)	39	(39)
11- Part of hedged from CHF risk (-)	-	-	-	-
12-CHF net effect(10+11)	39	(39)	39	(39)
<b>TOTAL (3+6+9+12)</b>	<b>(78,144,667)</b>	<b>78,144,667</b>	<b>(78,144,667)</b>	<b>78,144,667</b>

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**Risk of intensification of sales**

During the reporting periods ending on 31 March 2019 and 31 December 2018, 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 international markets and competition conditions. It is paid attention to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. As of 31 March 2019, the rate of buyer has biggest portion in revenue from textile activities is 60.18 % and the rate of buyer has the biggest portion in the revenue from agricultural activities is 83.46 % (31 March 2018: the rate of buyer has the biggest portion in the revenue from textile is 42.96% and portion in the revenue from agricultural activities 42.69%).

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

Textile:

<b>Customer</b>	<b>01.01.- 31.03.2019</b>	<b>01.01. - 31.03.2018</b>
A Company	60.18%	42.96%
	60.18%	42.96%

Agriculture:

<b>Customer</b>	<b>01.01.- 31.03.2019</b>	<b>01.01. - 31.03.2018</b>
B Company	83.46%	42.69%
	83.46%	42.69%

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As of 31 March 2019, amounts of assets and liabilities of the Group in foreign currency are as follows:

	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	56,698,841	5,560,206	3,276,956	640,367	-
2a. Monetary Financial Assets (including cash and banks)	13,231,218	1,432,489	804,267	5,172	8,628
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	14,236,411	2,001,968	469,794	-	-
<b>4. Current Assets (1+2+3)</b>	<b>84,166,470</b>	<b>8,994,663</b>	<b>4,551,017</b>	<b>645,539</b>	<b>8,628</b>
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	4,713,825	-	746,000	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>4,713,824</b>	<b>-</b>	<b>746,000</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>88,880,294</b>	<b>8,994,663</b>	<b>5,297,017</b>	<b>645,539</b>	<b>8,628</b>
10. Trade Payables	70,947,215	11,557,299	933,423	-	-
11. Financial Liabilities	488,296,150	16,614,812	62,477,265	-	-
12a. Other monetary financial liabilities	453,962	4,161	65,960	1,875	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>559,697,327</b>	<b>28,176,272</b>	<b>63,476,648</b>	<b>1,875</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	392,210,197	18,985,019	45,159,669	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>392,210,197</b>	<b>18,985,019</b>	<b>45,159,669</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities</b>	<b>951,907,524</b>	<b>47,161,291</b>	<b>108,636,317</b>	<b>1,875</b>	<b>-</b>
<b>19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)</b>	<b>23,067,793</b>	<b>2,975,800</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>
19a. Off-balance sheet foreign currency derivative assets	30,239,500	4,250,000	1,000,000	-	-
19b. Off-balance sheet foreign currency derivative liabilities	7,171,707	1,274,200	-	-	-
<b>20. Net foreign currency asset / liabilities (9-18+19)</b>	<b>(839,959,437)</b>	<b>(35,190,828)</b>	<b>(102,339,300)</b>	<b>643,664</b>	<b>8,628</b>
<b>21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(877,263,640)</b>	<b>(40,168,596)</b>	<b>(103,809,094)</b>	<b>643,664</b>	<b>8,628</b>
<b>22. Fair value of derivative instruments used in foreign currency hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Exports(*)</b>	<b>141,607,129</b>	<b>307,968</b>	<b>5,202,272</b>	<b>459,328</b>	<b>-</b>
<b>24. Imports(**)</b>	<b>66,718,062</b>	<b>11,255,445</b>	<b>1,031,780</b>	<b>12,913</b>	<b>-</b>

(\*) The Group has TRY 104,983,576 export for the period of 01.01.-31.03.2019

(\*\*) The Group has no import denominated in TRY for the period of 01.01.-31.03.2019.

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As of 31 December 2018, amounts of assets and liabilities of the Group in foreign currency are as follows:

	31December 2018				
	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	75,247,752	7,869,336	4,619,002	902,570	-
2a. Monetary Financial Assets (including cash and banks)	19,121,008	428,795	2,732,563	59,055	73
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>94,368,760</b>	<b>8,298,131</b>	<b>7,351,565</b>	<b>961,625</b>	<b>73</b>
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	4,370,300	-	725,000	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>4,370,299</b>	<b>-</b>	<b>725,000</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>98,739,059</b>	<b>8,298,131</b>	<b>8,076,565</b>	<b>961,625</b>	<b>73</b>
10. Trade Payables	65,380,084	10,878,574	1,351,857	-	-
11. Financial Liabilities	442,465,426	14,630,081	60,633,383	-	-
12a. Other monetary financial liabilities	241,565	2,972	37,480	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>508,087,075</b>	<b>25,511,627</b>	<b>62,022,720</b>	<b>-</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	393,782,036	19,270,057	48,507,663	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>393,782,036</b>	<b>19,270,057</b>	<b>48,507,663</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities</b>	<b>901,869,111</b>	<b>44,781,684</b>	<b>110,530,383</b>	<b>-</b>	<b>-</b>
<b>19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)</b>	<b>21,683,386</b>	<b>2,975,800</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>
19a. Off-balance sheet foreign currency derivative assets	28,386,825	4,250,000	1,000,000	-	-
19b. Off-balance sheet foreign currency derivative liabilities	6,703,439	1,274,200	-	-	-
<b>20. Net foreign currency asset / liabilities (9-18+19)</b>	<b>(781,446,666)</b>	<b>(33,507,753)</b>	<b>(101,453,818)</b>	<b>961,625</b>	<b>73</b>
<b>21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(803,130,051)</b>	<b>(36,483,553)</b>	<b>(102,453,818)</b>	<b>961,625</b>	<b>73</b>
<b>22. Fair value of derivative instruments used in foreign currency hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Exports(*)</b>	<b>794,944,905</b>	<b>41,299,737</b>	<b>24,826,279</b>	<b>2,508,761</b>	<b>-</b>
<b>24. Imports(**)</b>	<b>290,664,883</b>	<b>54,867,611</b>	<b>5,282,551</b>	<b>21,577</b>	<b>1,780</b>

(\*) The Group has TRY 428,229,918 export for the period of 01.01.-31.12..2018.

(\*\*) The Group has TRY 2,515,516 import for the period of 01.01.-31.12..2018.



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**NOTE 34 – 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.

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 31 March 2019 and 31 December 2018, net debt / total equity ratio is as follows:

	<b>31.03.2019</b>	<b>31.12.2018</b>
Total debts	1,151,797,717	1,088,426,940
Liquid assets	(12,638,577)	(30,662,280)
Net debt	1,139,159,140	1,057,764,660
Total equity	225,866,982	247,584,184
Total capital	1,365,026,122	1,305,348,844
Net Debt/Total Equity Ratio	83%	81%