

**MENDERES TEKSTİL SANAYİ
VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE INTERIM PERIOD 30 JUNE 2013**

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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01 JANUARY – 30 JUNE 2013, REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
To the Board of Directors of
İzmir

Introduction

We have audited the accompanying balance sheets, statements of income, changes in shareholders' equity, cash flows and a summary of significant accounting policies and other explanatory notes of Menderes Tekstil Sanayi ve Ticaret A.Ş.('Company') and its subsidiaries (together as Group) as of 30 June 2013. Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting standards by Public Oversight Board. Our responsibility is to express an opinion on these financial statements based on our independent audits.

Scope of Our Review

Our independent audit is performed compatible with the independent audit standards published by the Capital Markets Board. Our review essentially based on applying analytical audit procedures, in order to collect the related proof and understand the entries and notes in the financial statements. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by CMB and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Menderes Bulgaria Ltd. Which is the subsidiary of Menderes Tekstil Sanayi Ticaret ve A.Ş. is winding up, therefore we didn't consider for audit. As a result, as of 30 June 2013, 31 December 2012 and 2011, we did consolidation from financials which was not audited. The winding up is still going on as of the report date and for this fiscal it is not included as audited financials.

Qualified Conclusion

In our opinion, excluding the impact of the above including the terms of paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Group's as of 30 June 2013, and of its financial performance and its cash flows for the six months then ended in accordance with the financial reporting standards endorsed by the POB.

Other Matters

Group's financial statements independent audit for the period ended 31 December 2012 and interim audit for six months ended 30.06.2012 is done by another independent audit firm and issued a qualified opinion in 1 March 2013 dated audit report and 28 August 2012 dated with the exception of the effects of the qualified paragraph, there is no issue doesn't meet International Financial Reporting Standards adopted by the Board of the Capital Market.

İstanbul, 23.08.2013

BİRLEŞİM BAĞIMSIZ DENETİM VE YMM A.Ş.
Ergun ŞENLİK
Engagement Partner

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIKLARI
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Reviewed</i>	<i>Audited</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period	Prior Period
	References	30.06.2013	31.12.2012	31.12.2011
ASSETS				
Current Assets				
Cash and Cash equivalents	4	30,280,342	41,140,313	15,818,760
Financial Investments	5	5,525,032	2,930,267	7,528,761
Trade receivables		32,617,984	50,449,859	50,509,582
<i>Trade receivables from related parties</i>	7	871,360	276,870	843,308
<i>Trade receivables from third parties</i>	7	31,746,624	50,172,989	49,666,274
Other receivables		59,462,756	51,143,943	63,891,125
<i>Other receivables from related parties</i>	9	53,434,969	46,310,682	59,620,906
<i>Other receivables from third parties</i>	9	6,027,787	4,833,261	4,270,219
Derivative financial instruments	10	2,463,873	430,928	-
Inventories	11	168,394,305	109,489,755	106,627,727
Biological Assets	12	122,987	1,142,494	2,183,274
Prepaid expenses	13	3,404,915	2,243,138	2,306,813
Prepaid expenses	14	1,399,031	1,443,829	9,473,883
Other current assets	21	11,323,650	7,097,762	3,998,941
TOTAL CURRENT ASSETS		314,994,875	267,512,288	262,338,866
Non-Current Assets				
Financial Borrowings	5	2,750,000	-	-
Other Receivables		14,694	14,694	17,121
<i>Other receivables from third parties</i>	9	14,694	14,694	17,121
Investments valued by equity method	15	102,151,496	95,485,795	96,721,038
Tangible Assets	16	99,926,987	88,822,175	79,646,696
Intangible Assets		603,851	422,892	235,121
<i>Other Intangible Assets</i>	17	603,851	422,892	235,121
Prepaid expenses	13	3,606,254	324,915	157,044
Deferred Tax Liabilities	28	9,121,439	7,580,816	5,747,194
TOTAL NON-CURRENT ASSETS		218,174,721	192,651,287	182,524,214
TOTAL ASSETS		533,169,596	460,163,575	444,863,080
LIABILITIES				
Current liabilities				
Short-term financial liabilities	8	133,415,574	78,199,117	76,632,685
Current portion of long term financial liabilities	8	13,122,509	9,491,117	6,893,938
Trade payables		63,034,817	60,381,894	29,797,179
<i>Trade payables to related parties</i>	7	3,579,322	8,540,083	6,220,680
<i>Trade payables to third parties</i>	7	59,455,495	51,841,811	23,576,499
Employee benefit obligations	20	2,920,122	2,611,946	2,232,354
Other payables		12,661,264	10,103,749	12,253,237
<i>Other payables to related parties</i>	9	12,042,795	9,190,661	11,108,080
<i>Other payables to third parties</i>	9	618,469	913,088	1,145,157
Derivative financial instruments	10	1,261,320	352,055	-
Deferred income	13	7,354,334	7,261,788	14,204,926
Income tax payable	28	1,900,145	167,246	12,658,782
Short term provisions		356,325	46,039	196,381
<i>Other short term provisions</i>	19	356,325	46,039	196,381
TOTAL CURRENT LIABILITIES		236,026,410	168,614,951	154,869,482
Non-current liabilities				
Financial liabilities	8	13,364,399	12,962,229	5,872,920
Trade payables		-	-	60,240
<i>Trade payables to third parties</i>	7	-	-	60,240
Long term provisions		6,638,371	5,667,560	5,038,368
<i>Long term provisions for employee benefits</i>	19	6,638,371	5,667,560	5,038,368
Deferred tax liability	28	410,536	216,986	207,720
TOTAL NON-CURRENT LIABILITIES		20,413,306	18,846,775	11,179,248
EQUITY				
Equity attributable to parent				
Paid in Capital Share	22.1	250,000,000	250,000,000	225,000,000
Inflation adjustments to paid in capital	22.2	485,133	485,133	485,133
Other comprehensive income/(expense) not to be reclassified to profit or loss				
<i>Actuarial gain/(loss) arising from employee benefits</i>	22.3	(294,083)	(1,044)	109,502
Other comprehensive income/(expense) to be reclassified to profit or loss				
<i>Foreign Currency Conversion Differences</i>		(718,328)	(575,365)	(656,642)
Restricted reserves	22.4	8,507,915	8,180,517	5,788,317
Retained Earnings / Losses	22.5	12,010,490	18,396,440	(3,734,362)
Net Income/Loss for the Period		4,667,153	(6,058,552)	49,412,456
Non-controlling interests	22.6	2,071,600	2,274,720	2,409,946
TOTAL EQUITY		276,729,880	272,701,849	278,814,350
TOTAL LIABILITIES AND EQUITY		533,169,596	460,163,575	444,863,080

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIKLARI
CONSOLIDATED STATEMENTS OF INCOME FOR THE SIX MONTH INTERIM PERIOD
ENDED 30 JUNE 2013
(Currency - Turkish Lira "TRY" unless expressed otherwise.)

		<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
		Current	Prior	Current	Prior
		Period	Period	Period	Period
	Footnote	01.01.2013-	01.01.2012-	01.04.2013-	01.04.2012-
	References	30.06.2013	30.06.2012	30.06.2013	30.06.2012
GAIN/LOSS PART					
Revenue (net)	23.1	167,517,357	141,442,555	86,978,756	80,285,891
Cost of Sales (-)	23.2	(151,198,338)	(123,543,972)	(81,485,681)	(64,338,464)
GROSS OPERATING PROFIT/LOSS		16,319,019	17,898,583	5,493,075	15,947,427
General Administrative Expenses (-)	24.1	(4,175,349)	(3,471,494)	(1,478,691)	(2,229,179)
Research and Development Expenses (-)	24.2	(4,486,526)	(2,733,377)	(2,798,032)	(1,598,313)
Other Operating Income	25.1	3,325,531	10,449,085	1,440,620	8,498,652
Other Operating Expenses (-)	25.2	(7,456,545)	(7,064,788)	(3,209,786)	(3,143,458)
OPERATING PROFIT/LOSS		3,526,130	15,078,009	(552,814)	17,475,129
Other Operating Income	26.1	572,628	127,233	507,986	122,558
Other Operating Expenses (-)	26.2	-	(9,019)	-	(9,019)
Shares of Investments Valued with Equity Method	26.3	3,465,701	(8,543,902)	2,633,085	(6,018,378)
OPERATING PROFIT/LOSS		7,564,459	6,652,321	2,588,257	11,570,290
(Non-operating) Financial Income	27.1	15,882,056	15,194,989	11,086,546	3,912,875
(Non-operating) Financial Expenses (-)	27.2	(18,341,896)	(20,393,731)	(14,416,990)	(9,380,965)
INCOME/LOSS BEFORE TAXES		5,104,619	1,453,579	(742,187)	6,102,200
Taxes from Operating Profit/Loss		(626,331)	(377,904)	416,929	(720,170)
Income Expense tax for the period	28	(1,900,145)	(1,356,043)	(523,059)	(1,277,453)
Deferred Tax Income Expense	28	1,273,814	978,139	939,988	557,283
NET OPERATING PROFIT/LOSS		4,478,288	1,075,675	(325,258)	5,382,030
Distribution of Income/(Loss)					
Non-controlling Interest		(188,865)	(144,793)	(81,484)	(104,980)
Parent Company's Share		4,667,153	1,220,468	(243,774)	5,487,010
Earning per share					
Earnings Per Share from Operating Activities		0.0179	0.0048	(0.0013)	0.0239
OTHER COMPREHENSIVE INCOME					
Items not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain/(loss) arising from employee benefits		(366,299)	(81,443)	984,582	(186,087)
Other comprehensive income/(expense) not to be reclassified to profit or loss					
Deferred Tax Income/Loss		73,259	16,289	(196,917)	37,218
Other comprehensive income to be reclassified to profit or loss in subsequent period:					
Change in currency conversion difference		(142,963)	149,670	(171,909)	81,365
OTHER COMPREHENSIVE INCOME		(436,003)	84,516	615,756	(67,504)
TOTAL COMPREHENSIVE INCOME		4,042,285	1,160,191	290,498	5,314,526
Distribution of total comprehensive Income/(Loss)					
Non-controlling interests		(188,865)	(144,793)	(81,484)	(104,980)
Parent Company's Share		4,231,150	1,304,984	371,982	5,419,506

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIKLARI

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2013

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

	Share Capital	Inflation adjustment to paid in capital	Other comprehensive income items not to be reclassified to profit or loss in subsequent periods	Other comprehensive income items to be reclassified to profit or loss in subsequent periods	Retained earnings			Parent Company's Equity	Non - controlling interest	Total Shareholders' Equity
			Actuarial gain/(loss) arising from employee benefits	Foreign currency conversion difference	Restricted reserves allocated from profits	Retained earnings profit/(loss)	Net income/loss for the period			
Balances as at 01.01.2012 (Beginning of the period)	225,000,000	485,133	109,502	(656,642)	5,788,317	(3,669,208)	49,412,456	276,469,558	2,409,946	278,879,504
Transfers	-	-	-	-	2,392,200	47,020,256	(49,412,456)	-	-	-
Total comprehensive income/(loss)	-	-	(65,154)	149,670	-	-	1,220,468	1,304,984	(144,793)	1,160,191
Increase/decrease from change in accounting policy	-	-	-	-	-	-	-	-	14,923	14,923
Balances as at 30.06.2012 (End of the period)	225,000,000	485,133	44,348	(506,972)	8,180,517	43,351,048	1,220,468	277,774,542	2,280,076	280,054,618
CURRENT PERIOD										
Balances as at 01.01.2013 (Beginning of the period)	250,000,000	485,133	(1,044)	(575,365)	8,180,517	18,396,440	(6,058,552)	270,427,129	2,274,720	272,701,849
Transfers	-	-	-	-	327,398	(6,385,950)	6,058,552	-	-	-
Total comprehensive income/(loss)	-	-	(293,039)	(142,963)	-	-	4,667,153	4,231,151	(188,865)	4,042,286
Increase/decrease from change in accounting policy	-	-	-	-	-	-	-	-	(14,255)	(14,255)
Balances as at 30.06.2013 (End of the period)	250,000,000	485,133	(294,083)	(718,328)	8,507,915	12,010,490	4,667,153	274,658,280	2,071,600	276,729,880

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIKLARI
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS INTERIM PERIOD
ENDED 30 JUNE 2013
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Reviewed</i>	<i>Reviewed</i>
		Current	Prior
		Period	Period
	Footnote		
	References	01.01.-30.06.2013	01.01.-30.06.2012
A. NET CASH PROVIDED BY OPERATING ACTIVITIES			
Profit/Loss for the period before tax		(52,063,548)	(2,654,541)
Adjustments to reconcile profit/loss before tax to cash provided by operating activities:		5,104,619	1,453,579
Adjustment for Depreciation, amortisation expenses	16-17	4,956,185	6,113,831
Provision for employee termination benefits	19-24.1	970,811	958,279
Adjustment for provisions	19	310,286	-
Adjustment for Interest income and (expense)	8-27.2	523,588	514,343
Unearned interests on receivables	25.2	499,925	705,053
Unearned interests on payables	25.1	834,118	725,834
Net working capital changes in:			
Adjustments for financial assets increase / decrease with related revisions	5	(5,344,765)	7,528,761
Adjustments for trade receivables	7	17,331,950	24,882,921
Adjustments for changes in inventories	11	(58,904,550)	(67,476,787)
Adjustments for changes in biological assets	12	1,019,507	2,183,274
Adjustments for increase / decrease in other receivables related with operations	9	(8,318,813)	19,328,251
Prepaid expenses	13	(4,443,116)	(2,648,821)
Other Assets	14+21	(4,181,090)	4,398,198
Adjustments for increase / decrease in trade payables	7	1,818,805	14,576,844
Adjustments for increase / decrease in other payables related with operations	9-13-20	2,958,237	(3,989,380)
Adjustments for increase / decrease short-term provisions	19	-	(150,341)
Change in investments valued by equity method		(6,665,701)	900,402
Other cash inflows(outflows)	22.3	(366,298)	-
Cash provided by operating activities			
Taxes paid/return	28	(167,246)	(12,658,782)
B. NET CASH PROVIDED BY OPERATING ACTIVITIES		(16,256,211)	(3,901,623)
Proceeds from sale of property, plant, equipment and intangible assets	16-17	891,792	133,758
Proceeds from purchase of property, plant, equipment and intangible assets	16-17	(17,133,748)	(4,050,304)
Changes in minority interest	22.5	(14,255)	14,923
C. FINANCIAL ACTIVITIES CASH FLOW		57,602,751	18,203,624
Cash inflows/(outflows) from financial liabilities	8	57,304,236	18,755,116
Cash outflows from finance leases	8	1,422,195	(199,871)
Loss/(gain) on derivative financial instruments	10-27	(1,123,680)	(351,621)
BEFORE THE IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE (A+B+C)		(10,717,008)	11,647,460
D. IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(142,963)	149,670
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(10,859,971)	11,797,130
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	41,140,313	15,818,760
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	30,280,342	27,615,890

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

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş., AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2013
(Amounts are expressed as Turkish Lira “TRY” unless otherwise stated.)

NOTE 1 – ORGANIZATION AND ACTIVITIES

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (“Company”), its Subsidiaries and Investments 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.
- Menderes Bulgaria Ltd.

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

- Akça Enerji Üretim Otoprodüktör Grubu A.Ş.
- Menderes Tekstil Pazarlama A.Ş.
- Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Menderes Tekstil Sanayi ve Ticaret A.Ş.

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

As 16 April 2010 dated no.7545 trade registry gazette, Company’s address changed from Köprübaşı Mevki No: 146 Sarayköy, Denizli” to “Cumhuriyet Mah. Gazi Mustafa Kemal Paşa Bulvarı No: 242 Sarayköy, Denizli”, without any physical change, as a result of Sarayköy Municipality’s address work.

In the period of 30 June 2013, average 3,852 personnel are employed by the Company, The average number of employees of the Group as at 30 June 2013 is 3,631

Company shares are traded in the Istanbul Stock Exchange since 2000.

Production Capacity (Textile)

According to the capacity report from Denizli Industrial Chamber dated 14 December 2010, numbered 287 and valid until 20 December 2013, Company’s production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts a day:

Products	Unit	Amount
Tricot	kg	1,060,200
Linens	unit	2,400,000
Pillow case	unit	6,300,000
Sheet	unit	28,080,000

Production Capacity (Energy)

According to the capacity report from Denizli Industrial Chamber dated 01 February 2011, numbered 23 and valid until 01 February 2014, Company’s production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts a day:

	Unit	Amount
Electricity energy	kwh/year	161,827,000
Steam	joule/year	617,569,920,000
Hot water	joule/year	238,360,320,000

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş., AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2013

(Amounts are expressed as Turkish Lira “TRY” unless otherwise stated.)

Smyrna Seracılık Ticaret A.Ş.

Smyrna Seracılık Ticaret A.Ş. was established in 2007 in İzmir. It is engaged in production of agricultural. No. 7296 on 21 April 2009 the company’s name in the Trade Registry Gazette has been changed from Smyrna Organik Tarım Sanayi ve Ticaret A.Ş. to Smyrna Seracılık Ticaret A.Ş. Company has been included to the complete consolidation in 2009.

Smyrna Seracılık Ticaret A.Ş., has signed an agreement with the construction company for increasing the capacity of the plant which will be increased from 82,500 m² to 196,500 m² with adding 114,000 m². Smyrna Seracılık A.Ş. has started to design environment and infrastructure of the new area. The new area will be constructed on the existing area, which is 206,232 m², of Smyrna Seracılık Ticaret A.Ş..

According to the capacity report from Denizli Industrial Chamber dated 02 April 2012, numbered 80 Company’s production capacity has been calculated with daily 8 hours. Company works for 1 shifts a day:

Product	Unit	Amount
Tomato	Ton	2,400
Quick-frozen tomatoes	Ton	684

No. 6911 on 08 October 2007 in the Trade Registry Gazette the Company’s headquarter was changed to Denizli. The registered address of the Company is as following:

Köyiçi Mevkii, Tosunlar Kasabası Sarayköy, Denizli

In the period of 30 June 2013, 116 personnel are employed in the Company, The average number of employees of the Group as at 30 June 2013 is 81.

Menderes Bulgaria Ltd.

Menderes Bulgaria Ltd. constitutes the 90% of the consolidated financial statements of Group. Company’s unaudited financial statements in accordance with Bulgarian regulations are consolidated within the frame of full consolidation method of Communiqué XI, No: 29 of Capital Market Board.

Menderes Bulgaria Ltd. is established in 2002 in Bulgaria. Main activity of Menderes Bulgaria Ltd. (Parent Company) is custom manufacturing as receiving raw materials and unfinished, intermediate goods from Menderes Tekstil Sanayi ve Ticaret A.Ş. to process and send them back.

The Company announced the liquidation process for the subsidiary Menderes Bulgaria Ltd. started with the decision of its the Board of Members dated 06 December 2005 and numbered 2005/17 with the Statement of Material Disclosure to the Istanbul Stock Exchange Market and Capital Market Board of Turkey (CMB) on 05 December 2005 and to be completed before 30 January 2006. As of report date, the liquidation process is not completed yet.

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş., AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2013
(Amounts are expressed as Turkish Lira “TRY” unless otherwise stated.)

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. is established on 13 July 1998. Head quarter of the company is in Denizli. Main activity is to produce electricity.

Group had ensured its demand of energy from its subsidiary, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. until 31 October 2008. However, since 31 October 2008, it has become energy producer for itself with auto producer license obtained from Energy Market Regulatory Board.

As of 12.09.2011 Group announced a special situation. According to that announcement Akça Enerji Üretim Otoprodüktör Grubu A.Ş. obtained the contract for the area, which is sized 858.59 hectare and contains mineral water and gas, aucted by Alaşehir Belediyesi under the name of “Doğal Mineralli Su/Jeotermal Kökenli Gaz Arama Devri İhalesi”. Company has started drilling in accordance with the contract.

As of 17.02.2012 Group announced a special situation. According to that announcement Akça Enerji Otoprodüktör Grubu A.Ş. has started drilling in the area addressed in Denizli / Sarayköy, Tosunlar Beldesi according to the license of “Doğal Mineralli Sular Kaynağı Arama”.

Akça Enerji and Osman Akça Tarım Ürünleri have been included to the consolidation with the equity pick-up method.

As of 30 June 2013, Akça Enerji owns 30.5% of Ures Elektrik, 20% of Akça Solar Enerji. Because of Tan Elektrik and Akça Solar does not have any operation, they have not been included to the consolidation with Akça Enerji by the equity method.

Menderes Tekstil Pazarlama A.Ş.

Menderes Tekstil Pazarlama A.Ş. was established in 1998. Head quarter of the Company is in Izmir. Company does marketing of home textile productions.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Head quarter 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. License rights has been started in 2008 and will continue until 2028.

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

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 Izmir. Main activity is established to process the fruit and agricultural products.

Osman Akça Tarım Ürünleri owns 70% of Tan Elektrik and 70% of Akça Solar Enerji. Because of Tan Elektrik and Akça Solar Enerji does not have any operation, they have not been included to the consolidation with Akça Enerji by the equity method.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compliance Statement

Group prepares their statutory financial statements in accordance with the principles of CMB, Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and presents in Turkish Liras (TRY). The financial statements of the Company have been prepared in accordance with Communiqué XI, No: 29 “Accounting Standards in Capital Markets” published by the Capital Markets Board (“CMB”), the necessary adjustments and reclassifications made for the fair presentation in accordance with Accounting Standards by CMB.

Principles of Preparing Financial Statements

The interim condensed 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. In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”).

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 23 August 2013. Boards of Directors have authority to change financial statements.

Financial Statements Correction in High Inflation Period

The CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Therefore the Company was abolished inflation accounting application for the year 2005.

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Basis of Consolidation

The accompanying consolidated financial statements include Group’s financial statements. The financial statements of the companies included in the consolidation have been prepared as of the date of the accompanying consolidated financial statements and are based on the statutory records, with adjustments and reclassifications for the purpose of presentation in Communiqué XI, No: 29 on Capital Market Accounting Standards and applying uniform accounting policies and applications.

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

	30.06.2013	31.12.2012	31.12.2011
	<u>Ratio %</u>	<u>Ratio %</u>	<u>Ratio %</u>
Halka Arz Hissedarları	51.9	51.9	51.9
Akça Holding A.Ş.	45.7	45.7	45.7
Other	2.4	2.4	2.4
	100.0	100.0	100.0

As of 30 June 2013, 31 December 2012 and 2011 capital structures of the subsidiaries and equity participations are as following:

Menderes Bulgaria Ltd. (Subsidiary)

	30.06.2013	31.12.2012	31.12.2011
	<u>Ratio %</u>	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	90.0	90.0	90.0
Other	10.0	10.0	10.0
	100.0	100.0	100.0

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	30.06.2013	31.12.2012	31.12.2011
	<u>Ratio %</u>	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.2	79.2	79.2
Cemal İpekoğlu	20.4	20.4	20.4
Akça Holding A.Ş.	0.2	0.2	0.2
Rıza Akça	0.1	0.1	0.1
Dilek Göksan	0.1	0.1	0.1
Ali Atlamaz	<0.1	<0.1	<0.1
	100.0	100.0	100.0

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

	30.06.2013	31.12.2012	31.12.2011
	<u>Ratio %</u>	<u>Ratio %</u>	<u>Ratio %</u>
Tan Elektrik Üretim A.Ş.	45.71	00.0	00.0
Menderes Tekstil Sanayi ve Ticaret A.Ş.	20.0	20.0	20.0
Akça Holding A.Ş.	17.5	40.9	40.9
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	10.7	25.0	25.0
Selin Tekstil Sanayi Ticaret A.Ş.	5.6	13.0	13.0
Akçasaraylı Tekstil Ltd. Şti.	0.5	1.1	1.1
	100.0	100.0	100.0

Menderes Tekstil Pazarlama A.Ş. (Investment)

	30.06.2013	31.12.2012	31.12.2011
	<u>Ratio %</u>	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	45.0	45.0	45.0
Akça Holding A.Ş.	45.0	45.0	45.0
Rıza Akça	4.5	4.5	4.5
Dilek Göksan	4.5	4.5	4.5
Ahmet Bilge Göksan	1.0	1.0	1.0
	100.0	100.0	100.0

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

	30.06.2013	31.12.2012	31.12.2011
	<u>Ratio %</u>	<u>Ratio %</u>	<u>Ratio %</u>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.0	48.0	48.0
Nihat Zeybekçi	49.5	49.5	49.5
Other	2.5	2.5	2.5
	100.0	100.0	100.0

Equity participations are accounted for using the equity pick-up method. Equity participations are companies in which Group has a voting right between 20% and 50% of the ordinary share capital or significant influence is exercised on the operations of the company.

Subsidiaries are included or excluded from the consolidation since the date Group has control over or loses control.

Minority shares of shareholders are pursued in net assets of the subsidiaries and in the result of the operations and consolidated balance sheet and income statements.

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Reporting Currency

As of 30 June 2013, 31 December 2012 and 2011 Group’s functional and reporting currency unit is represented in TRY compared to previous periods.

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.

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 user of financial statements. This is why, if the change is not granting one of above conditions, each interim and fiscal periods has to be applied same accounting policy.

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, Company’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 interim condensed financial statements are based on the statutory records,with adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards published by POA.

As part of the amendment effective as of 01 January 2013 in “Employee Benefits” of the IAS 19, regarding the severance pay liability which is recognized under employee termination benefits of the Group, the total actuarial gains/(losses) (includes deferred tax effect), is shown in statements of changes in equity “actuarial profit (loss) from retirement pay provision”. With the changes in the standard, the Group, for the periods ended at 30 June 2012, prepared their financial statements same way and profit / (loss) from the period ended at 30 June 2012 amounting to TRY 44,348 was classified in equity “Net profit / (loss) for the period”. In the balance sheet for the period ended at 31 December 2012 amounting to TRY 1,044 in “Net profit / (loss) for the period” classified to “actuarial profit (loss) from retirement pay provision” in equity. (2011: 109,502 TRY).

Pursuant to the decree taken in the CMB’s meeting dated 07 June 2013 and numbered 20/670, for capital market board institutions within the scope of the Communique on Principles Regarding Financial Reporting in the Capital Market,financial statement templates and user guide have been published, effective as of the interim periods ended after 31 March 2013.Various classifications were made in the Group’s statement of financial position pursuant to these formats which have taken effect. The classifications made in the balance sheet of the the group as of 31 December 2012 and 2011 are as follows;

As of 31 December 2012, TRY 2,930,267 and as of 31 December 2011, TRY 7,528,761, which are more than 3 months bank deposits and accrued interests, as shown in cash and cash equivalents, are classified in balance sheet as a separate account within the scope of the financial investments

As of 31 December 2012, TRY 1,824,678 and as of 31 December 2011, TRY 1,913,416, which are order advances given, as shown in other current assets, are classified in balance sheet as a separate account within the scope of the prepaid expenses- short term.

As of 31 December 2012, TRY 418,460 and as of 31 December 2011, TRY 393,397 which are prepaid expenses- short term, as shown in other current assets, are classified in balance sheet as a separate account within the scope of the prepaid expenses- short term.

As of 31 December 2012, TRY 1,443,829 and as of 31 December 2011, TRY 9,440,453 which are prepaid taxes and funds, as shown in other current assets, are classified in balance sheet as a separate account within the scope of the current taxes assets.

As of 31 December 2012, TRY 430,928 which are accrual of forward exchange, as shown in other current assets, are classified in balance sheet as a separate account within the scope of the derivative instruments.

As of 31 December 2012, TRY 2,221,382 and as of 31 December 2011, TRY 1,656,060 which are vat return receivables, as shown in other current assets, are classified in balance sheet as a separate account within the scope of the other receivables.

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As of 31 December 2012, TRY 174,237, TRY 1,656,060 which are advances given for tangible fixed assets, as shown in other long term assets, are classified in balance sheet as a separate account within the scope of the prepaid expenses-long term.

As of 31 December 2012, TRY 150,678 and as of 31 December 2011, TRY 157,044 which are Prepaid expenses - Long Term, as shown in other long term assets, are classified in balance sheet as a separate account within the scope of the prepaid expenses-long term.

As of 31 December 2012, TRY 9,491,117 and as of 31 December 2011, TRY 6,893,938 which are current portion of amounts payable after one year, as shown in financial liabilities - short term, are classified in balance sheet as a separate account.

As of 31 December 2011, TRY 1,000,000 which are " long-term liabilities", as shown in the financial liabilities - short term, are classified in balance sheet in financial liabilities – long term.

As of 31 December 2012, TRY 6,000, and 31 December 2011, TRY 6,000 which are " Deposits and guarantees received", as shown in the trade receivables, are classified in balance sheet in other short term liabilities.

As of 31 December 2012, TRY 1,979,293, and 31 December 2011, TRY 1,646,946 which are " Due to personnel", as shown in the other current liabilities, are classified in balance sheet in employee benefits debts.

As of 31 December 2012, TRY 632,653, and 31 December 2011, TRY 585,408 which are " Social security premiums payable, as shown in the other current liabilities, are classified in balance sheet in employee benefits debts.

As of 31 December 2012, TRY 7,261,788, and 31 December 2011, TRY 14,204,926 which are " advances received, as shown in the other current liabilities, are classified in balance sheet in deferred income.

As of 31 December 2012, TRY 33,969, and 31 December 2011, TRY 35,158 which are " expense accruals, as shown in the other current liabilities, are classified in balance sheet in trade payables.

As of 31 December 2012, TRY 294, and 31 December 2011, TRY 466,694 which are " provision scope of law numbered 6111, as shown in the other current liabilities, are classified in balance sheet in other current payables.

As of 31 December 2012, TRY 352,055 which are " expense accrual of forward exchange, as shown in the other current liabilities, are classified in balance sheet in derivative instruments.

As of 31 December 2011, TRY 33,428 which are " prepaid expenses, as shown in the provision for period income tax, are classified in balance sheet in assets related to current period taxes.

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Reclassifications to Company's income statement at 30 June 2012 are as follows;

TRY 1,037,232 which are "foreign exchange gains", as shown in the financial income, are classified in income statement in other real operating income.

TRY 725,834 which are "discount income", as shown in the financial income, are classified in income statement in other real operating income.

TRY 2,255,258 which are "foreign exchange losses", as shown in the financial expense, are classified in income statement in other real operating expense.

TRY 705,053 which are "discount expense", as shown in the financial expense, are classified in income statement in other real operating expense.

TRY 4,675 which are "income from sales of fixed assets", as shown in the other real operating income, are classified in income statement in incomes from investing activities.

TRY 122,558 which are "rent incomes", as shown in the other real operating income, are classified in income statement in incomes from investing activities.

TRY 9,019 which are "losses from sales of fixed assets", as shown in the other real operating expense, are classified in income statement in expenses from investing activities.

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2.e. Adoption of New and Revised International Financing Reporting Standards

For the period ended as of 30 June 2013, The accounting policies adopted in the preparation of financial statements which is summarized below. As of 1 January 2013, except IFRIC interpretations, for the current new and amended standards enforced fully consistent with those used in the previous year.

The new standards, amendments and interpretations which will be effective after 1 January 2013 are as follows:

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The standard impact on the financial position or performance of the company is shown in note 2.d.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. The amendment will have no impact on the financial position or performance of the Company.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. The amendment will have no impact on the financial position or performance of the Company.

IFRS 7 Financial Instruments: Disclosures (Amended) – “Offsetting Financial Assets and Financial Liabilities”

New disclosures would provide users of financial statements with information that is useful in;

- a) Evaluating the effect or potential effect of netting arrangements on an entity’s financial position and
- b) Analyzing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only.

IFRS 10 Consolidated Financial Statements

Standard is effective for annual periods beginning on or after 1 January 2013 and are applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early. IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. The amendment will have no impact on the financial position or performance of the Group.

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IFRS 11 Joint Arrangements

Standard is effective for annual periods beginning on or after 1 January 2013 and are applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early. The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. The standard will have no impact on the financial position or performance of the Company.

IFRS 12 Disclosure of Interests in Other Entities

Standard is effective for annual periods beginning on or after 1 January 2013 and are applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early. IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. The standard will have no impact on the financial position or performance of the Company.

IFRS 13 Fair Value Measurement

The new standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. The standard will have no impact on the financial position or performance of the Company.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (Stripping)

The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The amendment will have no impact on the financial position or performance of the Company.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidance is effective for annual periods beginning on or after 1 January 2013. The amendments - change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as the beginning of the annual reporting period in which IFRS 10 is applied for the first time. The assessment of whether control exists is made at the date of initial application rather than at the beginning of the comparative period. If the control assessments is different between IFRS 10 and IAS 27/SIC-12, retrospective application required. If more than one comparative period is presented additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. The standard will have no impact on the financial position or performance of the Company.

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Improvements to IFRS

The IASB has issued the Annual Improvements to IFRS 2009-2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is to annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The project will have no impact on the financial position or performance of the Company.

IAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

TAS 34 Interim Financial Reporting:

Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

New standards, amendments and explanations for the dated 01 January 2013 year ended financial statements:

IFRS 10 (amendment) “Consolidated Financial Statements”, IFRS 12 and IAS 27 FOR investment entities is effective for annual periods beginning on or after 1 January 2014 . These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

IAS 32 Financial Instruments: Presentation - Classifications on Rights Issues (Amended)

The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendments are effective for annual periods beginning on or after 1 January 2014 and will be adopted retrospectively. The amendment will have no impact on the financial position or performance of the Company.

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IFRS 9 – “Financial Instruments, Classification and Measurement”

As amended in December 2011, the new standard is effective for annual periods beginning on or after 01 January 2015. Phase 1 of this new IFRS 9 introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The standard will have no impact on the financial position or performance of the Company.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by 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 interim 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 company will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 10 Consolidated Financial Statements (Amendment)

The amendment will have no impact on the financial position or performance of the Company.

IFRIC Interpretation 21 Levies, (The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required

The amendment will have no impact on the financial position or performance of the Company. The interpretation will have no impact on the financial position or performance of the Company.

2.f. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalent values contain cash on hand, bank deposits and high liquidity investments. Cash and cash equivalents are showed with obtaining costs and the total of accrued interests.

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Financial investments:

Initial measurement of financial assets and financial liabilities

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

When an entity uses settlement date accounting for an asset that is subsequently measured at cost or amortised cost, the asset is recognised initially at its fair value on the trade date.

Subsequent measurement of financial assets

After initial recognition, an entity shall measure financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction cost it may incur on sale or other disposal, except for the following financial assets:

- (i) Loan and receivables which shall be measured at amortized cost using the effective interest method;
- (ii) Held-to-maturity investments which shall be measured at amortized cost using the effective interest method; and
- (iii) Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that is linked to and must be settled by delivery of such unquoted equity instruments which shall be measured at cost.

A financial asset of financial liability at fair value through profit or loss:

It is classified as tangible assets hold for future sale. A financial asset or financial liability is classified as tangible assets hold for future sale if it is:

- (i) Acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (ii) Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit making; or
- (iii) A derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Held-to maturity investments:

Non derivative financial assets with fixed od determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

- (i) Those that the entity upon initial recognition designates as at fair value through profit or loss;
- (ii) Those that the entity designates as available for sale; and
- (iii) Those that meet the definition of loans and receivables.

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Available-for-sale financial assets:

Non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Financial assets carried at cost:

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

Shares

If shares are quoted in Borsa İstanbul A.Ş., then these shares are revalued with closing price as of balance sheet date. If shares are not quoted, then these shares are revalued with acquisition price as of balance sheet date. Funds given against financial assets reverse repo are reflected as reverse repo receivables under marketable securities in the accompanying consolidated financial statements. The portion of the difference between purchase and sale back price by these reverse repo agreements for the interim period is calculated by “internal discount rate” as discounted income and it is accounted by adding to cost of reverse repo.

Marketable securities

Financial assets in which Parent Company has voting right below 20%, or over 20% which Parent Company does not exercise a significant influence, and subsidiaries or joint venture, which are not included in consolidation that they are immaterial or which are immaterial, that do not have a quoted market price in active markets and whose fair value can not be measured reliably are carried at cost less any provision for diminution in value.

Financial Borrowings

Financial 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 income statement over the borrowing period. Borrowing costs are charged to income statement when they incur and reclassified to bank loans.

Trade receivables and payables

The trade receivables and payables derived from providing services or selling goods by the Company’s and purchasing goods or receiving services are clarified with deferred financial income and expense in the accompanying financial statements. Post clarification, trade receivables and trade payables are calculated from the values of following the record of the original invoice values, by rediscounting with effective interest rate method. Short term receivables without designated interest rate are reflected the invoice values in case the effective interest rate effect is insignificant.

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Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred.

Provision for doubtful receivables

Company, sets provisions for doubtful receivable when it is realized uncollectible due to objective findings. Amount of this provision is the difference of registered and collectible amounts. All cash flow including the collectible sum amount from guarantee and assurance is discounted on the base of the effective interest rate of trade receivable occurred.

In case of collecting doubtful receivable that is provided, the collected amount is deducted from the provision for doubtful receivable and added to other incomes.

Inventories

Inventories are valued at the lower of cost or net realizable value. Inventory costs include purchasing costs. The cost of inventories is determined on the first in first out (FIFO) basis for each purchase. 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. Due to no presence of active market for tomatoes, they were reflected in the accompanying combined financial statements with their costs minus if there is impairment in the cost then it is deducted.

Property, Plant and Equipment

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.

Property, plant and equipment 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
Motor vehicles	5
Fixtures and fittings	10

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Intangible Assets

Intangible assets are reflected with adjusted cost value according to the inflationary accounting effective as of 31 December 2004 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.

Leasing

Group acquired assets under finance lease agreements and capitalized at the inception of the lease starting from acquired date. Payables to lease are pursued under financial leasing liability in balance sheet. Calculation of minimum leasing payment is to find out current market value as the valid proportion is calculated practically in financial leasing process then it is, otherwise proportion of interest rate of loan is used as discount factor. Expenses of asset acquisition through financial leasing are included in costs. The liability from financial leasing is decomposed into interest rate and the main loan. Expenses of interest rate are calculated with the fixed interest rate and are issued in related periods.

Impairment of assets

In the case of detecting that carrying values of fixed assets fall below the level that can realize / can be gained from this asset in the future due to different events and situations, material and non-material fixed assets are tested in terms of value losses. In the case of being over the value of book value of material and non-material fixed assets realizable value or the value that can be gained from this asset in the future, provision are made for fixed asset value diminution.

Provision Employee Benefits / Severance Pay

• **Severance pay provision and employee benefits**

Under Turkish Labor Law, Company 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. Such payments are calculated on the basis of 30 days' pay limited to a maximum of TRY 3,129.25 (31 December 2012: TRY 3,033.98, 2011: 2,731.85) on 30 June 2013 per year of employment at the rate of pay applicable at the date of retirement.

The company used “Projection Method” to calculate the termination benefits and the duration to be completed based on the past experience and discounted with Rediscount rate at balance sheet date. The calculated profits and losses are reflected in income statements. All actuarial gain and losses are accounted for under consolidated income statements.

• **Social Insurance Premium**

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

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Taxes

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

Accounting Estimates

According to Communiqué XI No: 29 of CMB of financial statements, during the preparation of financial statements, the Company is required to disclose the carrying amount of value of the assets and liabilities stated in the financial statements as of the balance sheet date and to give explanations regarding off balance sheet liabilities, and to provide assumptions that might affect the totals of income and expense realized during the period. However, actual results may vary from these results.

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.

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 company accounting policies calculating the share of company from the net assets.

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Revenue

Revenue is recognized on accrual basis at the fair value of the amount obtained or to be obtained based on the assumptions that delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is probable. Net sales are calculated after the sales returns and sales discounts are deducted.

Sales of Goods:

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services:

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest Income:

Estimated cash additions will be obtained with remaining capital balance and related financial asset. Interest income is accrued in proportion as effective interest rate which reduces estimated cash addition to recorded value of the asset in corresponding period.

Dividend and Other Incomes:

Dividend income which obtained from share investments, is recorded when shareholders' have the right to get dividend.

Other revenues are recognized on an accrual basis when the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Net Group, at the fair value of received or receivable consideration. Net sales represent the invoiced value of goods shipped less sales returns and sales deductions.

Leasing procedures

Operating lease as owner

Leases where the lesser retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. In operating lease, the rented assets are classified under the tangible fixed assets in the balance sheet. The income from the rent and lease are reflected at the end of procedures in equal amounts in other incomes account. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Company's rental incomes derived from assets subjected to operating lease, are not fixed related to the contracts, those rent incomes are considered as future sales percentage described in the contracts.

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Foreign Currency Assets and Liabilities

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 profit and loss are reflected to the income statements.

Foreign currency rates of USD, EUR and GBP, that are used at the end of the periods are as follows:

	30.06.2013	31.12.2012	31.12.2011
USD	1.9248	1.7826	1.8889
EUR	2.5137	2.3517	2.4438
GBP	2,9292	2.8708	2.9170

Derivative financial instruments and instruments to protect from risk

Company's derivative financial instruments include foreign currency forward contracts and interest rate swap transactions.

The acquisition cost is used by recording derived financial instruments and foreign exchange commitments and transaction cost is added to acquisition cost. Derived financial instruments are appreciated with reasonable value in the following periods. All derived financial instruments are reclassified as financial instruments of no balance sheet but associated with income sheet. All derived financial instruments are reclassified as financial instruments of no balance sheet but associated with income sheet.

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.

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.

Earning Per Share/Loss

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

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

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Other Balance Sheet Entries

Other balance sheet entries are reflected with their book values.

Cash Flow Statement

Cash flow statement is prepared in accordance with communiqué by Capital Market Board.

Post balance sheet events

In the case of the occurrence of subsequent events after the date of the balance sheet which require the balance sheet to be adjusted, missing information will be fixed in financial statements in consideration of the new events, events which do not require adjustments are explained in the notes of the report if they are material as they could affect investors’ decisions.

Related Parties

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

- (a) Directly, or indirectly through one or more intermediaries, the party,
- (i) Controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
- (ii) Has an interest in Company that gives it significant influence over the Group; or
- (iii) Has joint control over the Group;
- (b) The party is an associate of the Company,
- (c) The party is a joint venture, in which the Company is a venture,
- (d) The party is member of the key management personnel of the Company 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 Company or a related party of the Company.

Transactions with related parties are transfer of resources or obligations between related parties, regardless of whether a price is charged. Company interacts with its related parties within the frame of ordinary business activities (Note 6).

Details of related parties are as follows:

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Head quarter of the Company is in İzmir. Company operates vehicle inspection stations which are privatized within the context of law b-numbered 4046, in Aydın, Manisa, Denizli and İzmir for 20 years. As of 30 June 2013, company has integrated 20 established and 4 mobile vehicle inspection stations.

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.

Tan Elektrik Üretim A.Ş. "Tan Elektrik"

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.

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Akçamen Tekstil Sanayi ve Ticaret A.Ş. “Akçamen Tekstil”

Akçamen Tekstil Sanayi ve Ticaret A.Ş. was established on 26 July 1994. Head quarter of the company is in İzmir. No. 7186 on 11 November 2008 in the Trade Registry Gazette the company was changed to the center of Denizli. Main activity is to produce cotton.

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.

Selin Tekstil Sanayi ve Ticaret A.Ş. “Selin Tekstil”

Selin Tekstil Sanayi ve Ticaret A.Ş. was established in 1992. Head quarter of the company is in Denizli. Main activity is outsourcing of textile manufacturing.

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.

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.

Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş. “Akça Solar”

Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş. was established in 4 September 2012 in Denizli. It is engaged in the production and sale of every kind of renewable energy (sun energy, wind energy, etc.).

2.g. Significant accounting estimates and assumptions

There is no significant accounting judgments, estimates and assumptions on the accompanying financial statements.

2.f. Segment reporting of results of operations

Group mainly operates in textile and agriculture sectors, agricultural production is conducting by Smyrna Balance sheet items and operating results are given in Note 3.

As of report date, Menderes Bulgaria Ltd. has terminated the operation and started liquidation. Hence financial segment reports are not prepared.

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NOTE 3 – SEGMENT REPORTING

30 June 2013	Textile Sector	Agricultural Sector	Elimination	Total
ASSETS			-	
Cash and Cash Equivalents	30,271,000	9,342	-	30,280,342
Financial Investments	5,525,032		-	5,525,032
Trade Receivables	31,115,534	1,502,450	-	32,617,984
Other Receivables	59,344,609	911,993	(793,846)	59,462,756
Derivative Instruments	2,463,873	-	-	2,463,873
Inventories	167,956,647	437,658	-	168,394,305
Biological Assets	-	122,987	-	122,987
Prepaid Expenses	3,396,882	8,033	-	3,404,915
Current Tax Assets	1,374,052	24,979	-	1,399,031
Other Current Assets	9,540,303	1,783,347	-	11,323,650
Current Assets	310,987,932	4,800,789	(793,846)	314,994,875
Financial Investments	-	2,750,000	-	2,750,000
Other Receivables	11,568	3,126	-	14,694
Investments valued by equity method	111,651,496	-	(9,500,000)	102,151,496
Tangible Assets	72,175,841	27,751,146	-	99,926,987
Non Current Assets	603,338	513	-	603,851
Prepaid Expenses	3,344,281	261,973	-	3,606,254
Deferred Tax Assets	9,016,582	257,464	(152,607)	9,121,439
Non-Current Assets	196,803,106	31,024,222	(9,652,607)	218,174,721
TOTAL ASSETS	507,791,038	35,825,011	(10,446,453)	533,169,596
LIABILITIES				
Short-term borrowings	133,415,574	-	-	133,415,574
Current installments of long-term borrowings	9,513,880	3,608,629	-	13,122,509
Trade Payables	62,244,642	790,175	-	63,034,817
Employee Benefits Debts	2,822,860	97,262	-	2,920,122
Other Payables	3,095,847	10,359,262	(793,845)	12,661,264
Derivative Instruments	1,261,320	-	-	1,261,320
Deferred Income	7,354,334	-	-	7,354,334
Period income tax liabilities	1,900,145	-	-	1,900,145
Short-term provisions	356,325	-	-	356,325
Current Liabilities	221,964,927	14,855,328	(793,845)	236,026,410
Long-term borrowings	3,624,987	9,739,412	-	13,364,399
Provisions of non-current	6,566,671	71,700	-	6,638,371
Deferred Tax Assets	404,468	158,675	(152,607)	410,536
Non-current Liabilities	10,596,126	9,969,787	(152,607)	20,413,306
Paid in Capital Share	250,000,000	12,000,000	(12,000,000)	250,000,000
Inflation Adjustments to Shareholders' Equity	485,133	-	-	485,133
Accumulated Other Comprehensive Income and Expenses				
Not Reclassified in the Profit Or Loss	(294,083)	-	-	(294,083)
Foreign Currency Conversion Differences	(718,328)	-	-	(718,328)
Profit Reserves	8,484,796	23,119	-	8,507,915
Retained Earnings	12,108,818	(116,673)	18,345	12,010,490
Net Income / (Loss) for the period	5,384,838	(906,550)	188,865	4,667,153
Non-Controlling Interests	(221,189)	-	2,292,789	2,071,600
SHAREHOLDERS' EQUITY	275,229,985	10,999,896	(9,500,001)	276,729,880
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	507,791,038	35,825,011	(10,446,453)	533,169,596

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30 June 2013	Textile Sector	Agricultural Sector	Elimination	Total
Revenues	163,862,981	3,654,376	-	167,517,357
Cost of Sales (-)	(147,953,283)	(3,245,055)	-	(151,198,338)
GROSS PROFIT/LOSS	15,909,698	409,321	-	16,319,019
General Administrative Expenses (-)	(4,041,772)	(133,577)	-	(4,175,349)
Marketing, Sales and Distribution Expenses (-)	(3,806,940)	(679,586)	-	(4,486,526)
Other Operating Income	3,138,634	186,897	-	3,325,531
Other Operating Expenses (-)	(7,366,122)	(90,423)	-	(7,456,545)
OPERATING PROFIT/LOSS	3,833,498	(307,368)	-	3,526,130
Investing Activities Income	572,628	-	-	572,628
Shares of Profit or Losses of Investments valued by Equity Method	3,465,701	-	-	3,465,701
OPERATIONS PROFIT/LOSS BEFORE FINANCING EXPENSES	7,871,827	(307,368)	-	7,564,459
Financial Income (+)	15,663,381	276,006	(57,331)	15,882,056
Financial Income (-)	(17,354,505)	(1,044,722)	57,331	(18,341,896)
CONTINUING OPERATIONS PROFIT/LOSS BEFORE TAX	6,180,703	(1,076,084)	-	5,104,619
Continuing Operations Tax Income/Expense				
- Income/Expense Tax for the period	(1,900,145)	-	-	(1,900,145)
- Deferred Tax Income/Expense	1,104,280	169,534	-	1,273,814
PROFIT/(LOSS) FOR THE PERIOD	5,384,838	(906,550)	-	4,478,288

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NOTE 4 – CASH AND CASH EQUIVALENTS

As of 30.06.2013, 31.12.2012 and 2011, details of cash and cash equivalents are as following:

	30.06.2013	31.12.2012	31.12.2011
Cash	12,913	21,692	8,272
Banks	30,253,563	40,946,215	15,782,012
Demand deposits	1,490,419	27,202,467	178,649
Time deposits	28,763,144	13,743,748	15,603,363
Interest accruals for banks	13,866	172,406	28,476
	30,280,342	41,140,313	15,818,760

As of 30.06.2013, 31.12.2012 and 2011 maturity schedule of time deposits in the cash and cash equivalents are as following:

	30.06.2013	31.12.2012	31.12.2011
Within 1 month	28,763,144	7,648,089	12,750,981
1-3 month	-	6,095,659	2,852,382
	28,763,144	13,743,748	15,603,363

As of 30 June 2013, the effective rate of interests of TRY and USD time deposits are as following 5.42% and 1.24%. (31.12.2012: TRY - 7.07%, USD - 2.46% and 31.12.2011: TL - 7.25%, USD - 2.55%, EUR - 2.02%).

As of 30 June 2013, the average maturity of time deposits are 22 days. (31.12.2012: 35 days ve 2011: 17 days). As of 30.06.2013, time deposits consist of TRY 25,838,143 and USD 1,519,639 (TRY 2,925,001) (31.12.2012: TRY 916,600 and USD 7,195,752 (TRY 12,827,148), 31.12.2011: TRY 375,559, USD 7,976,538 (TRY 14,519,102) ve EUR 290,000 (TRY 708,702)).

As of 31.12.2012, the mortgage's amount on the less than 3 months bank deposits of the Group is USD 2,395,000 (TRY 4,269,327) for the borrowings are taken from Şekerbank T.A.Ş. (31.12.2011: USD 545,000 (TRY 1,029,451)).

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NOTE 5 – FINANCIAL INVESTMENTS

Current Financial Investments

	30.06.2013	31.12.2012	31.12.2011
Deposits with maturities over 3 months	5,485,680	2,869,349	7,347,821
Accrued interest on bank	39,352	60,918	180,940
	5,525,032	2,930,267	7,528,761

As of 30 June 2013 , the effective interest rate of USD time deposits are 2.84%. (31.12.2012: TRY - 7.98%, USD - 4% and 31.12.2011: USD - 4.09%).

As of 30 June 2013, the average maturity of time deposits are 276 days. (31.12.2012: 143 ve 31.12.2011: 228). As of 30.06.2013, time deposits consist of USD 2,850,000 (TRY 5,485,680) (31.12.2012: TRY 17,189 and USD 1,600,999 (TRY 2,852,160) ,31.12.2011: USD 3,890,000 (TRY 7,347,821)).

As of 30.06.2013, the mortgage’s amount on the more than 3 months bank deposits of the Group is USD 2,850,000 (TRY 5,485,680) for the borrowings are taken from Şekerbank T.A.Ş. (31.12.2012: USD 1,600,000 (TRY 2,852,160), 31.12.2011: USD 3,890,000 (TRY 7,347,821)).

Non current financial investments

	30.06.2013	31.12.2012	31.12.2011
Tan Elektrik Üretim A.Ş.	2,750,000	-	-
	2,750,000	-	-

On the 8 January 2013, Smyrna Seracılık A.Ş. have collaborated to Tan Elektrik Üretim A.Ş. 21% share of the capital on the basis of nominal value.

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NOTE 6 – RELATED PARTY TRANSACTIONS

i) Transactions and balances with related parties:

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

	30.06.2013	31.12.2012	31.12.2011
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	-	617,666
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	200	-	-
Menderes Tekstil Pazarlama A.Ş.	871,160	275,612	242,011
Akca Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	-	1,258	-
Rediscount	-	-	(16,369)
	871,360	276,870	843,308

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

	30.06.2013	31.12.2012	31.12.2011
Selin Tekstil Sanayi ve Ticaret A.Ş.	3,076,117	7,943,121	6,061,326
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	526,492	610,216	270,508
Rediscount	(23,287)	(13,254)	(111,154)
	3,579,322	8,540,083	6,220,680

c) Due from shareholders (Note 9):

	30.06.2013	31.12.2012	31.12.2011
Osman Akça Tarım Ürünleri	34,421,368	34,687,876	58,608,870
	34,421,368	34,687,876	58,608,870

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d) Non-trade receivables from related parties (Note 9):

	30.06.2013	31.12.2012	31.12.2011
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	18,993,475	11,503,763	533,345
Tan Elektrik Üretim A.Ş.	20,126	-	-
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	-	-	336
Akça Holding A.Ş.	-	-	242,935
Akçamen Tekstil A.Ş.	-	119,043	235,420
	19,013,601	11,622,806	1,012,036

e) Due to shareholders (Note 9):

	30.06.2013	31.12.2012	31.12.2011
Rıza Akça	10,058,423	9,055,349	10,248,344
Ali Atlamaz	28,150	54,220	20,534
Ahmet Bilge Göksan	24,244	24,244	837,244
Dilek Göksan	-	1,850	1,958
Akça Holding A.Ş.	147,747	54,998	-
	10,258,564	9,190,661	11,108,080

f) Due to related parties (Note 9):

	30.06.2013	31.12.2012	31.12.2011
Akça Solar Üretim Sanayi Ticaret A.Ş.	1,481,788	-	-
Akçamen Tekstil A.Ş.	64,137	-	-
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	238,306	-	-
	1,784,231	-	-

g) Advances received from related parties (Note 13):

	30.06.2013	31.12.2012	31.12.2011
Menderes Tekstil Pazarlama A.Ş.	4,976,279	5,204,157	9,928,982
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	289,219	55,341	-
	5,265,498	5,259,498	9,928,982

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

a) Major sales to related parties (Note 23.1):

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Menderes Tekstil Pazarlama A.Ş. (a)	32,699,845	28,752,582	16,824,561	15,619,011
Osman Akça (b)	-	100,779	-	100,779
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. (c)	551,988	528,017	263,691	246,959
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	14,200	14,330	6,600	7,130
	33,266,033	29,395,708	17,094,852	15,973,879

- (a) For the period 01.01.-30.06.2013, Group has sales of textile products TRY 32,699,845 to Menderes Tekstil Pazarlama A.Ş., for the period ended 01.01.-30.06.2012, TRY 28,752,582 textile product has sold.
- (b) For the period 01.01.-30.06.2012, Group has sales of packaging materials TRY 100,779 to Osman Akça Tarım Ürünleri.
- (c) For the period 01.01.-30.06.2013, Group has sales of textile products TRY 470,835, TRY 16,667 energy and TRY 64,486 tomatoes to Akçasaraylı Tekstil. (01.01.-30.06.2012: TRY 513,738 textile product, TRY 14,279 energy.)

b) Major purchases from related parties (Note 23.2):

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Osman Akça (a)	320,600	3,009,549	108,000	674,500
Selin Tekstil (b)	12,450,000	8,237,540	6,675,000	4,202,570
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	49,500	41,250	24,750	20,625
Akça Holding A.Ş.	33,322	26,649	17,271	13,666
	12,853,422	11,314,988	6,825,021	4,911,361

- (a) For the period 01.01.-30.06.2013, Group has purchases of dried fruit TRY 104,600 and rent service TRY 216,000 from Osman Akça Tarım Ürünleri. (01.01.-30.06.2012: TRY 2,803,149 dried fruit, TRY 206,400 rent service).
- (b) For the period 01.01.-30.06.2013, Group has purchases of subcontract service TRY 12,058,000 and severance pay service TRY 392,000 from Selin Tekstil. (01.01.-30.06.2012: TRY 7,961,000 subcontract service, TRY 276,540 severance pay service.)

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

a) Benefits provided to Board members and top management personnel, gross (Note 24):

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Members of the Boards of Directors	536,761	495,961	285,822	258,129
	536,761	495,961	285,822	258,129

b) Service expenses paid to related parties (Note 24):

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	81,600	33,054	42,576	7,493
Akça Holding A.Ş.	78,617	70,462	39,740	35,000
	160,217	103,516	82,316	42,493

c) Rent expenses paid to related parties (Note 26.1):

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Menderes Tekstil Pazarlama A.Ş.	5,100	4,800	2,550	2,400
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	13,200	12,000	6,600	6,000
Selin Tekstil Sanayi ve Ticaret A.Ş.	13,200	12,000	6,600	6,000
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	25,500	24,750	12,750	12,750
Akçamen Tekstil Sanayi Ticaret A.Ş.	4,500	4,200	2,250	2,100
	61,500	57,750	30,750	29,250

d) Service income from related parties (Note 24):

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Menderes Tekstil Pazarlama A.Ş.	28,500	13,500	14,250	-
	28,500	13,500	14,250	-

e) Foreign currency differences income from the related parties (Note 27.1):

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Osman Akça Tarım Ürünleri	6,972,523	-	5,868,087	-
	6,972,523	-	5,868,087	-

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f) Interest income from related parties (Note 27.1):

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Akça Holding A.Ş.	-	9,649	-	-
Osman Akça	1,493,324	1,116,842	1,315,608	109,651
Akçamen Tekstil Sanayi Ticaret A.Ş.	-	10,723	-	3,006
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	19,024	-	1,382
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	960,437	10,198	541,076	10,198
Tan Elektrik	1,389	-	1,389	-
	2,455,150	1,166,436	1,858,073	124,237

For the period 01.01.-30.06.2013, USD and GBP non-trade receivables from related parties has been used 4% interest rate. (01.01.-30.06.2012: USD - 1.75% interest rate).

For the period 01.01.-19.06.2013, TRY non-trade receivables from related parties has been used 13.75% interest rate and for the period 20.06.-30.06.2013, it has been used 11% interest rate. (01.01.-19.06.2012: 17.75%, 20.06.2012-30.06.2012: 16.5%).

g) Foreign currency differences paid to the related parties (Note 27.2):

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Osman Akça Tarım Ürünleri	458,563	7,233,728	458,563	3,033,275
	458,563	7,233,728	458,563	3,033,275

h) Interest differences paid to related parties (Note 27.2):

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Osman Akça Tarım Ürünleri	833,640	-	671,149	-
Akça Holding A.Ş.	5,224	31,601	3,026	20,459
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	32,454	118,269	6,909	-
Menderes Tekstil Pazarlama A.Ş.	114,655	600,668	-	157,701
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	10,920	-	7,699	-
Akçamen Tekstil	2,958	-	2,094	-
Akça Solar	12,863	-	12,863	-
	1,012,714	750,538	703,740	178,160

For the period 01.01.-30.06.2013, EUR non-trade payables to related parties has been used 8% interest rate.

For the period 01.01.-19.06.2013, TRY non-trade payables to related parties has been used 13.75% interest rate, for the period 20.06.-30.06.2013 it has been used 11% interest rate. (01.01.-19.06.2012: 17.75%, 20.06.2012-30.06.2012: 16.5%).

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NOTE 7 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	30.06.2013	31.12.2012	31.12.2011
Trade receivables	31,753,931	50,489,969	49,869,525
Cheques and notes receivable	100,000	-	-
Unearned interests on trade receivables	(107,307)	(316,980)	(203,251)
Doubtful trade receivables	278,077	212,837	280,552
Provision for doubtful receivables (-)	(278,077)	(212,837)	(280,552)
Trade Receivables From Third Parties	31,746,624	50,172,989	49,666,274
Receivables from related parties (Note 6-i-a)	200	1,258	617,666
Receivables from related parties (Note 6-i-a)	871,160	275,612	242,011
Unearned interests on receivables from related parties	-	-	(16,369)
Trade Receivables From Related Parties	871,360	276,870	843,308
Total Short-Term Trade Receivables	32,617,984	50,449,859	50,509,582

As of 30.06.2013, 31.12.2012 and 2011, Group has TRY 950,000 guarantee given as a provision for receivables.

Maturity schedule of notes receivable as of 30.06.2013, 3.12.2012 and 2011 are as following:

	30.06.2013	31.12.2012	31.12.2011
Overdue	290,000	-	96,809
1-30 days	570,000	118,871	-
31-60 days	34,734	77,500	69,817
61-90 days	40,000	79,241	75,385
91-120 days	36,426	-	-
	971,160	275,612	242,011

As of 30.06.2013, 31.12.2012 and 2011, movement of provision for doubtful receivables is as following:

	30.06.2013	31.12.2012	31.12.2011
Opening balance	212,837	280,552	275,854
Collection within the period	-	(80,935)	-
Provision for the period	65,240	13,220	4,698
Closing balance	278,077	212,837	280,552

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Short Term Trade Payables

	30.06.2013	31.12.2012	31.12.2011
Trade payables	52,042,695	44,503,790	20,898,606
Unearned interests on trade payables	(437,407)	(322,795)	(335,135)
Notes payable	7,783,230	7,683,416	3,015,680
Unearned interests on note payables	(56,444)	(56,569)	(37,810)
Expense accruals	123,421	33,969	35,158
Trade Payables From Third Parties	59,455,495	51,841,811	23,576,499
Due to related parties (Note 6-i-b)	3,602,609	8,553,337	6,331,834
Unearned interests on notes payables to related parties (Not 6-i-b)	(23,287)	(13,254)	(111,154)
Trade Payables to Related Parties	3,579,322	8,540,083	6,220,680
Total Short-Term Trade Payables	63,034,817	60,381,894	29,797,179

As of 30.06.2013, bank has given guarantees for trade payables of the Group of USD 5,713,672 (TRY 10,997,676) and EUR 924,827 (TRY 2,324,738). (31.12.2012: USD 3,518,511 (TRY 6,272,097) and EUR 646,313 (TRY 1,519,935), 31.12.2011: USD 1,049,337 (TRY 1,982,093) and EUR 536,363 (TRY 1,310,764)).

As of 30.06.2013, 31.12.2012 ve 2011, maturity breakdown of notes payables are as following:

	30.06.2013	31.12.2012	31.12.2011
1 – 30 days	3,239,322	2,994,867	2,019,728
31 – 60 days	3,231,465	2,119,386	585,610
61 – 90 days	1,083,154	2,569,163	191,234
91 – 120 days	229,289	-	172,122
121 – 150 days	-	-	46,986
	7,783,230	7,683,416	3,015,680

Long Term Trade Payables

	30.06.2013	31.12.2012	31.12.2011
Trade Payables	-	-	60,240
	-	-	60,240

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NOTE 8 – FINANCIAL BORROWINGS

	30.06.2013	31.12.2012	31.12.2011
Short term financial borrowings:			
TRY borrowings	26,731	502,921	17,302
USD borrowings	112,860,677	65,127,317	64,973,504
EUR borrowings	18,436,933	11,064,495	11,117,681
GBP borrowings	1,771,753	1,041,873	400,246
Accrued interest of short term financial borrowings:			
USD accrued interest of financial borrowings	298,132	457,614	121,278
EUR accrued interest of financial borrowings	20,972	4,897	2,632
GBP accrued interest of financial borrowings	376	-	42
Short term financial borrowings	133,415,574	78,199,117	76,632,685
Current installments of long-term borrowings:			
Lease Payables:			
USD lease payables, net	183,978	-	-
EUR lease payables, net	663,221	39,215	197,801
Borrowings:			
TRY borrowings	1,000,000	1,000,000	-
USD borrowings	8,636,349	7,244,849	4,818,049
EUR borrowings	2,434,853	1,090,593	1,825,555
Accrued interest of long term financial borrowings:			
TL accrued interest of financial borrowings	80,000	54,861	4,028
USD accrued interest of financial borrowings	27,786	17,354	32,471
EUR accrued interest of financial borrowings	96,322	44,245	16,034
Current installments of long-term borrowings	13,122,509	9,491,117	6,893,938
Long term lease payables:			
USD lease payables, net	328,461	-	-
EUR lease payables, net	299,334	13,584	54,869
Long term borrowings:			
TRY borrowings	-	-	1,000,000
USD borrowings	2,997,192	2,697,940	4,818,051
EUR borrowings	9,739,412	10,250,705	-
Long term financial borrowings	13,364,399	12,962,229	5,872,920
Total financial liabilities	159,902,482	100,652,463	89,399,543

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As of 30.06.2013, 31.12.2012 ve 2011, maturity analyses of borrowings and other financial borrowings are as following:

	30.06.2013	31.12.2012	31.12.2011
Within 3 month	61,902,088	46,639,167	42,730,423
Between 3 - 12 month	83,265,208	40,432,881	40,421,914
Between 1 – 5 year	12,736,604	12,948,645	5,818,051
	157,903,900	100,020,693	88,970,388

As of 30.06.2013, 31.12.2012 ve 2011, maturity schedule of long term bank borrowings are as following:

	30.06.2013	31.12.2012	31.12.2011
Payables within 1-2 years	4,700,205	4,975,876	4,818,051
Payables within 2-3 years	3,166,693	2,277,934	1,000,000
Payables within 3-4 years	2,434,853	2,277,934	-
Payables within 4-5 years	2,434,853	2,277,934	-
Payables within 5-6 years	-	1,138,967	-
	12,736,604	12,948,645	5,818,051

As of 30.06.2013, TRY, USD, EUR and GBP bank loans, effective interest rates are 5.0%, 2.82%, 3.49% and 3.82%. (31.12.2012: TRY-5%, USD-3.46%, EUR-3.25% and GBP-4.44%, 31.12.2011: USD-3.31%, EUR-4.87% and GBP-3.81%).

As of 30.06.2013, the mortgage’s amount on the more than 3 months bank deposits of the Group is USD 2,850,000 (TRY 5,485,680) for the borrowings are taken from Şekerbank T.A.Ş. (31.12.2012: USD 3,995,000 (TRY 7,121,487, 31.12.2011: USD 4,435,000 (TRY 8,377,272)).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 156,200,000 (TRY 300,653,760), EUR 5,140,426 (TRY 12,921,489) and TRY 75,170,000.

As of 30.06.2013, 31.12.2012 ve 2011, details of financial leasing borrowings of group are as follows:

	30.06.2013	31.12.2012	31.12.2011
Short term lease payables	897,364	41,454	208,070
Cost of deferred short term lease payables (-)	(50,165)	(2,239)	(10,269)
Short term lease payables, net	847,199	39,215	197,801
Long term lease payables	648,837	13,949	57,574
Cost of deferred lease payables (-)	(21,042)	(365)	(2,705)
Long term lease payables, net	627,795	13,584	54,869

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Maturity schedule of repayment of finance lease payables as of 30 June 2013 are as following:

	Liabilities from financial leasing transactions	Cost of deferred lease payables	Total liabilities
Payables within 0 – 1 years	897,364	(50,165)	847,199
Payables within 1 – 2 years	511,177	(18,156)	493,021
Payables within 2 – 3 years	137,660	(2,886)	134,774
	1,546,201	(71,207)	1,474,994

Maturity schedule of repayment of finance lease payables as of 31 December 2012 are as following:

	Liabilities from financial leasing transactions	Cost of deferred lease payables	Total liabilities
Payables within 0 – 1 years	41,454	(2,239)	39,215
Payables within 1 – 2 years	13,749	(165)	13,584
Payables within 2 – 3 years	200	(200)	-
	55,403	(2,604)	52,799

Maturity schedule of repayment of finance lease payables as of 31 December 2011 are as following:

	Liabilities from financial leasing transactions	Cost of deferred lease payables	Total liabilities
Payables within 0 – 1 years	208,070	(10,269)	197,801
Payables within 1 – 2 years	43,077	(2,326)	40,751
Payables within 2 – 3 years	14,290	(172)	14,118
Payables within 3 – 4 years	207	(207)	-
	265,644	(12,974)	252,670

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	30.06.2013	31.12.2012	31.12.2011
Deposits given and guarantees	257,742	271,758	177,992
VAT return receivables	3,268,722	2,221,382	1,656,060
Sundry debtors(*)	2,501,323	2,340,121	2,436,167
Other Receivables from Related parties	6,027,787	4,833,261	4,270,219
Due from shareholders (Note 6-i-c)	34,421,368	34,687,876	58,608,870
Due from related parties (Note 6-i-d)	19,013,601	11,622,806	1,012,036
Other Receivables from Other parties	53,434,969	46,310,682	59,620,906
	59,462,756	51,143,943	63,891,125

(*)Amount in other sundry receivables are comprised of receivables from tax offices, customs administration and subcontractor related to Menderes Bulgaria Ltd. (31.12.2012: TRY 2,340,121, 2011: TRY 2,431,767).

As of 30 June 2013, non-trade receivables from related companies comprise 17.31% of total current assets and 10.06% of total assets. (It composes 17.31% of the total current assets and 10.06% of total assets as of 31 December 2012 and 22.73% of the total current assets and 13.40% of total assets as of 31 December 2011).

Other Non Current Payables

	30.06.2013	31.12.2012	31.12.2011
Deposits given and guarantees	14,694	14,694	17,121
	14,694	14,694	17,121

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Other Current Payables

	30.06.2013	31.12.2012	31.12.2011
Advances received and guarantees	6,000	6,000	6,000
Taxes and funds payable	610,522	904,845	670,518
Provision scope of law numbered 6111	-	294	466,694
Sundry debtors	1,947	1,949	1,945
Other Payables from third parties	618,469	913,088	1,145,157
Due to shareholders (Note 37-i-e)	10,258,564	9,190,661	11,108,080
Due to related parties (Note 37-i-f)	1,784,231	-	-
Other Payables from related parties	12,042,795	9,190,661	11,108,080
	12,661,264	10,103,749	12,253,237

NOTE 10 – DERRIVATIVE INSTRUMENTS

	30.06.2013	31.12.2012	31.12.2011
Income accrual of forward exchange	2,463,873	430,928	-
	2,463,873	430,928	-
	30.06.2013	31.12.2012	31.12.2011
Expense accrual of forward exchange	1,261,320	352,055	-
	1,261,320	352,055	-

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NOTE 11 – INVENTORIES

	30.06.2013	31.12.2012	31.12.2011
Raw materials	70,861,548	57,138,657	69,706,961
Work in process	49,584,146	40,051,875	30,479,559
Finished goods	47,210,030	11,551,256	5,764,938
Merchandises	160,823	255,339	449,349
Other inventories	577,758	492,628	226,920
	168,394,305	109,489,755	106,627,727

The Group’s inventories were insured.

NOTE 12 – BIOLOGICAL ASSETS

Current biological assets

	30.06.2013	31.12.2012	31.12.2011
Biological assets (tomato)	122,987	1,142,494	2,183,274
	122,987	1,142,494	2,183,274

Group’s biological assets are related with tomatoes. If available impairment and cost is indicated after provision in the combined financial statements Due to no presence of active market for growing tomatoes, they were reflected in the accompanying combined financial statements with their costs minus if there is impairment in the cost then it is deducted.

NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses

	30.06.2013	31.12.2012	31.12.2011
Order Advances Given	3,096,513	1,824,678	1,913,416
Prepaid Expenses – short term	308,402	418,460	393,397
	3,404,915	2,243,138	2,306,813

Long term prepaid expenses

	30.06.2013	31.12.2012	31.12.2011
Advances to purchases tangible assets	3,458,759	174,237	-
Prepaid Expenses – long term	147,495	150,678	157,044
	3,606,254	324,915	157,044

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Short term deferred income

	30.06.2013	31.12.2012	31.12.2011
Advances Received	7,354,334	7,261,788	14,204,926
	7,354,334	7,261,788	14,204,926

NOTE 14 – CURRENT PERIOD TAX INCOME ASSETS

	30.06.2013	31.12.2012	31.12.2011
Prepaid taxes and funds	1,399,031	1,443,829	9,473,883
	1,399,031	1,443,829	9,473,883

NOTE 15 – INVESTMENTS VALUED WITH EQUITY METHOD

As of 30.06.2013, 31.12.2012 and 2011, Akça Enerji Üretim Otoprodüktör Grubu A.Ş., Menderes Tekstil Pazarlama A.Ş. and Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. are held subject to equity pick-up method by the Group, with rate of 20%, 45% and 48% respectively.

	30.06.2013	Share	31.12.2012	Share	31.12.2011	Share
		(%)		(%)		(%)
Akça Enerji Üretim Dağıtım	3,443,201	20%	866,539	20%	566,844	20%
Menderes Tekstil Pazarlama A.Ş.	9,867,250	45%	9,071,442	45%	8,241,623	45%
Aktur Araç Muayene İstasyon	88,841,045	48%	85,547,814	48%	87,912,571	48%
	102,151,496		95,485,795		96,721,038	

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Summary information about investment accounted for using the equity method is as following:

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. is established on 13 July 1998. Head quarter of the Company is in Denizli. Main activity of the Company is producing electricity, hot water and steam.

As of 12.09.2011 Group announced a special situation. According to that announcement, on the 24.08.2011, Akça Enerji Üretim Otoprodüktör Grubu A.Ş. obtained the contract for the area, which is sized 858.59 hectare and contains mineral water and gas, aucted by Alaşehir Belediyesi under the name of “Doğal Mineralli Su/Jeotermal Kökenli Gaz Arama Devri İhalesi”. As of 30 November 2011, company has started drilling in accordance with the contract. Drilling operations of two wells have been completed and can be produced 12 mw electricity, drilling operations of third well has been started. Totally 8 wells are planned to open within the exploration licenses. After fourth well is opened and obtained yield in first two wells, turbine installation is started.

As of 17.02.2012 Group announced a special situation. According to that announcement Akça Enerji Otoprodüktör Grubu A.Ş. has started drilling in the area addressed in Denizli / Sarayköy, Tosunlar Beldesi according to the licence of numbered 5686 “Doğal Mineralli Sular Kaynağı Arama”.

Akça Enerji Otoprodüktör Group A.Ş., which is started in 17.02.2012, as a result of drilling operations, drilling of two wells has been completed. As a result the following data was obtained from MTA measurements. Maximum temperature is 251,53 degree celcius in 2965 meter When AK-1 well is static condition. AK-3 well is maximum 518 tones/hour, maximum static temperature 131,98 degree celcius in 2437 meter and but it is maximum dynamic temperature 132,7 degree celcius in same meter. Maximum static temperature 148,76 degrees celcius in 2,630 meter at AK-6 well, Static pressure is 249,82 bar. Measurement result of two wells can be produced up to 5MW power capacity. Drilling work is continuing at AK-4 and AK-5 wells.

Total of assets, liabilities and shareholders’ equity of Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and summarized income statements for the period ending at the date of 30 June 2013, 31 December 2012 and 2011 are as following:

	30.06.2013	31.12.2012	31.12.2011
Current Assets	5,000,776	3,496,275	74,674
Non-current Assets	36,340,753	31,216,669	8,397,955
Total Assets	41,341,529	34,712,944	8,472,629
Current liabilities	24,020,384	30,069,805	4,698,920
Non-current liabilities	105,141	310,442	939,491
Shareholders’ equity	17,216,004	4,332,697	2,834,218
Total Equities	41,341,529	34,712,944	8,472,629
Sales, net	60,447	85,823	64,799
Cost of sales	(32,021)	(70,341)	(208,777)
Net profit / (loss)	(3,130,977)	1,498,479	(6,846,708)

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Menderes Tekstil Pazarlama A.Ş.

Menderes Tekstil Pazarlama A.Ş. was established in 1998. Head quarter of the Company is in Izmir. Company does marketing of home textile productions.

Total of assets, liabilities and shareholders’ equity of Menderes Tekstil Pazarlama A.Ş. and summarized income statements for the period ending at the date of 30 June 2013, 31 December 2012 and 2011 are as following:

	30.06.2013	31.12.2012	31.12.2011
Current Assets	13,984,601	15,789,992	17,275,358
Non-current Assets	8,924,185	5,166,250	2,154,396
Total Assets	22,908,786	20,956,242	19,429,754
Current liabilities	850,291	690,545	1,023,295
Non-current liabilities	131,273	106,936	91,742
Shareholders’ equity	21,927,222	20,158,761	18,314,717
Total Equities	22,908,786	20,956,242	19,429,754
Sales, net	35,321,335	54,661,428	46,600,467
Cost of sales	(32,702,356)	(51,937,046)	(43,623,685)
Net profit / (loss)	1,812,673	1,844,044	2,494,093

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Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. was established in 2006. Head quarter of the Company is in İzmir. Company operates vehicle inspection stations which are privatized within the context of law numbered 4046, in Aydın, Denizli, İzmir and Manisa for 20 years. As of 31 December 2012, company has integrated 20 established and 4 mobile vehicle inspection stations.

Total of assets, liabilities and shareholders’ equity of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. and summarized income statements for the period ending at the date of 30.06.2013, 31.12.2012 and 2011 are as following:

	30.06.2013	31.12.2012	31.12.2011
Current Assets	39,661,615	24,446,261	25,939,751
Non-current Assets	301,512,898	305,264,932	347,916,488
Total Assets	341,174,513	329,711,193	373,856,239
Current liabilities	33,895,922	24,779,219	32,161,914
Non-current liabilities	122,193,081	126,707,361	158,543,136
Shareholders’ Equity	185,085,510	178,224,612	183,151,189
Total Equities	341,174,513	329,711,192	373,856,239
Sales, net	90,697,246	157,647,111	141,502,381
Cost of sales, net	(76,683,971)	(134,808,006)	(122,322,646)
Net profit / (loss)	14,172,518	9,171,355	20,899,003

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In the period of 01 January - 30 June 2013, net profit from investments subject to equity pick-up method is TRY 3,465,701

	Cost Price	%	Restated Shareholders' Equity	Restated Participation Amount	Difference
Menderes Tekstil Pazarlama A.Ş.	5,725,502	45	21,927,222	9,867,250	4,141,748
Akça Enerji Üretim Otoprodüktör Grubu A.Ş.	5,601,507	20	17,216,004	3,443,201	(2,158,306)
Aktur Araç Muayene İstasyonları İşlet. A.Ş.	105,132,000	48	185,085,510	88,841,045	(16,290,955)
	116,459,009		224,228,736	102,151,496	(14,307,513)

In the period of 01 January - 31 December 2012, net profit from investments subject to equity pick-up method is TRY (8,878,743)

	Cost Price	%	Restated Shareholders' Equity	Restated Participation Amount	Difference
Menderes Tekstil Pazarlama A.Ş.	5,725,502	45	20,158,761	9,071,442	3,345,940
Akça Enerji Üret. Dağıt. Otopro. A.Ş.	2,401,507	20	4,332,697	866,539	(1,534,968)
Aktur Araç Muayene İstasyonu	105,132,000	48	178,224,612	85,547,814	(19,584,186)
	113,259,009		202,716,070	95,485,795	(17,773,214)

In the period of 01 January - 31 December 2011, net profit from investments subject to equity pick-up method is TRY 3,017,516.

	Cost Price	%	Restated Shareholders' Equity	Restated Participation Amount	Difference
Menderes Tekstil Pazarlama A.Ş.	438,002	45	18,314,717	8,241,623	7,803,621
Akça Enerji Üret. Dağıt. Otopro. A.Ş.	45,507	20	2,834,218	566,844	521,337
Aktur Araç Muayene İstasyonu	105,132,000	48	183,151,189	87,912,571	(17,219,429)
	105,615,509		204,300,124	96,721,038	(8,894,471)

According to the signed agreement between TÜVTURK [North/ South] Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. (Contractor) and Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. (Subcontractor), subcontractors is allowed to establish a partial or full right to claim rights or receivables based on the agreement, directly or indirectly through cooperating with subsidiaries and/or equity participants by written prior authorization or to transfer to any third party or individual or credit institution.

Based on this, according to valuation report of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. prepared by Raymond James Yatırım Menkul Kıymetler A.Ş. dated 29.06.2008, Group has participated in Aktur Araç Muayene İstasyonları A.Ş. with 48% capital ratio. As a result of this acquisition, deferred tax has been calculated based on issue stated above and calculated deferred tax had an effect amounting to TRY 12,245,503 (31 December 2012: TRY 13,091,379, 31 December 2011: TRY 14,783,130) in the Group's balance sheet. The total effect of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. according to the equity pick-up method is TRY (16,290,255) (31 December 2012: TRY 19,584,186, 31 December 2011: TRY 17,219,429) in consolidation.

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NOTE 16 – TANGIBLE FIXED ASSETS

Cost	Land and land improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Total
01 January 2011 Opening balance	10,459,750	49,335,758	196,089,000	1,523,950	5,754,712	180,084	263,343,254
Additions	482,838	24,504	1,714,477	108,944	301,129	81,381	2,713,273
Disposals	-	-	-	(420,488)	-	-	(420,488)
Transfers	261,465	-	-	-	-	(261,465)	-
31 December 2011 closing balance	11,204,053	49,360,262	197,803,477	1,212,406	6,055,841	-	265,636,039
Additions	1,316,150	523,457	1,272,161	276,785	239,625	17,377,899	21,006,077
Disposals	-	-	(136,316)	(289,578)	-	-	(425,894)
31 December 2012 closing balance	12,520,203	49,883,719	198,939,322	1,199,613	6,295,466	17,377,899	286,216,222
Additions	231,377	35,749	3,452,092	26,350	278,643	12,847,855	16,872,066
Disposals	-	-	(2,978,870)	-	-	-	(2,978,870)
30 June 2013 closing balance	12,751,580	49,919,468	199,412,544	1,225,963	6,574,109	30,225,754	300,109,418
Accumulated depreciation							
01 January 2011 Opening balance	1,157,973	10,993,143	157,128,238	712,338	4,303,049	-	174,294,741
Additions	500,773	986,964	10,172,793	156,708	274,352	-	12,091,590
Disposals	-	-	-	(396,988)	-	-	(396,988)
31 December 2011 closing balance	1,658,746	11,980,107	167,301,031	472,058	4,577,401	-	185,989,343
Additions	506,219	989,461	9,604,985	154,061	328,212	-	11,582,938
Disposals	-	-	(115,689)	(62,545)	-	-	(178,234)
31 December 2012 closing balance	2,164,965	12,969,568	176,790,327	563,574	4,905,613	-	197,394,047
Additions	253,903	505,917	3,863,000	72,741	179,901	-	4,875,462
Disposals	-	-	(2,087,078)	-	-	-	(2,087,078)
30 June 2013 closing balance	2,418,868	13,475,485	178,566,249	636,315	5,085,514	-	200,182,431
31.12.2011 Net Book Value	9,545,307	37,380,155	30,502,446	740,348	1,478,440	-	79,646,696
31.12.2012 Net Book Value	10,355,238	36,914,151	22,148,995	636,039	1,389,853	17,377,899	88,822,175
30.06.2013 Net Book Value	10,332,712	36,443,983	20,846,295	589,648	1,488,595	30,225,754	99,926,987

As of 30 June 2013, the depreciation expense of tangible fixed assets for the fiscal period is TRY 4,875,462 (31 Aralık 2012: TRY 11,582,938, 2011: TRY 12,091,590).

As of 30 June 2013, fixed assets were insured for TRY 3,096,101 and EUR 59,168,370 (TRY 148,731,532). As of 31 December 2012: 4,042,508 TL ve 59,168,370 EUR (139,146,256 TL)).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 156,200,000 (TRY 300,653,760), EUR 5,140,426 (TRY 12,921,489) and TRY 75,170,000.

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NOTE 17 – INTANGIBLE ASSETS

Cost	Rights	Research and development expenses	Other intangible assets	Total
01 January 2011 Opening balance	2,553	-	383,612	386,165
Additions	167	-	72,465	72,632
31 December 2011 closing balance	2,720	-	456,077	458,797
Additions	25,000	163,323	83,268	271,591
31 December 2012 closing balance	27,720	163,323	539,345	730,388
Additions	-	188,109	73,573	261,682
30 June 2013 closed balance	27,720	351,432	612,918	992,070
Accumulated depreciation				
01 January 2011 Opening balance	861	-	175,472	176,333
Additions	530	-	46,813	47,343
31 December 2011 closed balance	1,391	-	222,285	223,676
Additions	5,406	2,732	75,682	83,820
31 December 2012 closed balance	6,797	2,732	297,967	307,496
Additions	4,438	28,062	48,223	80,723
30 June 2013 closed balance	11,235	30,794	346,190	388,219
31.12.2011 Net Book Value	1,329	-	233,792	235,121
31.12.2012 Net Book Value	20,923	160,591	241,378	422,892
30.06.2013 Net Book Value	16,485	320,638	266,728	603,851

As of 30 June 2013, the amortization expense of intangible fixed assets for the fiscal period is TRY 80,723 (31 December 2012: TRY 83,280, 2011: 47,343 TRY)

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NOTE 18 – COMMITMENTS

As of 30 June 2013, 31 December 2012 and 2011, the Group's guarantee / pledge / mortgage position are as following:

Guarantees, security and mortgage (GSM) given by the Group	30.06.2013	31.12.2012	31.12.2011
A. Total Amount of GSM given on behalf of legal entity	598,954,581	440,700,806	469,282,099
B. Total Amount of GSM given for partnerships which included in full consolidation	11,460	11,460	11,460
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	Yoktur	Yoktur	Yoktur
D. Total Amount of other GSM given	Yoktur	Yoktur	Yoktur
<i>i. Total Amount of GSM given for the Parent Company</i>	190,555,200	176,477,400	190,555,200
<i>ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses</i>	186,831,840	173,029,114	186,831,840
<i>iii. Total Amount of GSM Given for Third Parties not Included in C Clause</i>	Yoktur	Yoktur	Yoktur
Total	976,353,081	790,218,780	846,680,599

30 June 2013, Ratio which is the group's given other GSM's over its equity's is 136%. (31.12.2012; 128%,31.12.2011: %135)

Group has given joint and collective guarantee at most USD 5,565,586 (TRY 10,712,640) for the financial leasing agreement of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. signed with İş Finansal Kiralama A.Ş (31 December 2012: USD 5,565,586 (TRY 9,921,214), 31 December 2011: USD 5,565,586 (10,512,825)).

The sum of loans granted bail by the Group In favor of relevant institutions is USD 91,500,000 (TRY 176,119,200). (31 December 2012: USD 91,500,000 (TRY 163,107,900), 31 December 2011: USD 91,500,000 (TRY 172,834,350)). Loans Granted bail amount is USD 99,000,000 (TRY 190,555,200) these are from relevant institutions that is the Group is a party related to credit agreements. (31.12.2012: 99,000,000 USD (176,477,400 TRY), 31.12.2011: 99,000,000 USD (187,001,100 TRY)).

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As of 30 June 2013, details of the commitments are as following:

Details of Mortgage:	FX type	FX amount	FX rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	TRY	71,570,000	1.0000	71,570,000
Türkiye Vakıflar Bankası T.A.O	USD	147,700,000	1.9248	284,292,960
Vakıf Finansal Kiralama Anonim Şirketi	USD	8,500,000	1.9248	16,360,800
Vakıf Finansal Kiralama Anonim Şirketi	EUR	5,140,426	2.5137	12,921,489
Türkiye Finans Katılım Bankası A.Ş.	TRY	1,600,000	1.0000	1,600,000
T.C Ziraat Bankası A.Ş.	TRY	2,000,000	1.0000	2,000,000
				388,745,249

Total amount of mortgage on lands and buildings of the company given to financial institutions is USD 156,200,000 (TRY 300,653,760), EUR 5,140,426 (TRY 12,921,489), and TRY 75,170,000.

Guarantee Letters Given	FX type	TRY Equivalent
Electricity suppliers	TRY	1,263,511
Execution office	TRY	155,000
Tax office	TRY	491,250
Custom authorities	TRY	1,443,060
Other	TRY	936,504
		4,289,325

Bank Details of Guarantee Letters Given	FX type	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	954,675
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000
Alternatifbank A.Ş.	TRY	314,400
Tekstilbankası A.Ş.	TRY	11,460
ING Bank A.Ş.	TRY	820
Halk Bank A.Ş.	TRY	2,069,970
Akbank Denizli Ticaret Şubesi	TRY	880,000
		4,289,325

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General Borrowing Contracts:	FX type	FX amount	FX rate	TRY Equivalent
Şekerbank T.A.Ş.	USD	20,000,000	1.9248	38,496,000
Şekerbank T.A.Ş.	EURO	5,000,000	2.5138	12,569,000
Şekerbank T.A.Ş.	TRY	8,500,000	1.0000	8,500,000
Tekstilbank A.Ş.	USD	715,000	1.9248	1,376,232
Denizbank A.Ş.	USD	9,000,000	1.9248	17,323,200
Halk Bankası A.Ş.	USD	10,000,000	1.9248	19,248,000
Halk Bankası A.Ş.	TRY	5,000,000	1.0000	5,000,000
Eximbank	USD	25,000,000	1.9248	48,120,000
Albarakaturk A.Ş.	TRY	10,400,000	1.0000	10,400,000
				161,032,432

Guarantee Notes Given	Bank name	FX type	FX amount	FX rate	TRY Equivalent
Ekspo Factoring A.Ş.	Şekerbank T.A.Ş.	USD	10,159,000	1.9248	19,554,043
UASAC Denizcilik A.Ş.	Şekerbank T.A.Ş.	TRY	5,000	1.0000	5,000
					19,559,043

Guarantee Notes Given	FX type	FX amount	FX rate	TRY Equivalent
Eximbank	USD	165,000	1.9248	317,592
				317,592

Bond	Bank name	FX type	FX amount	FX rate	TRY Equivalent
Türk Eximbank	Türkiye Vakıflar Bankası T.A.O.	USD	5,000,000	1.9248	9,624,000
Türk Eximbank	Denizbank A.Ş.	USD	3,000,000	1.9248	5,774,400
Türk Eximbank	Şekerbank T.A.Ş.	USD	5,000,000	1.9248	9,624,000
					25,022,400

Guarantee Letters Received	Bank name	FX type	Amount
İtimat Manifatura	Kuveyt Türk Katılım Bankası	TRY	200,000
İtimat Manifatura	Türkiye Finans Katılım Bankası A.Ş.	TRY	750,000
			950,000

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As of 30 June 2013, bank has given guarantees for trade payables of USD 5,713,672 USD (TRY 10,997,676) and 924,827 EURO (TRY 2,324,738) (31.12.2012: 3,518,511 USD (TRY 6,272,097) and 646,313 EURO (TRY 1,519,935), 31.12.2011: 1,049,337 USD (TRY 1,982,093) and 536,363 EURO (TRY 1,310,764).

As of 30 June 2013, Group has deposit mortgages amount of USD 2,850,000 (TRY 5,485,680) for bank loans used from Şekerbank T.A.Ş. (31.12.2012: 3,995,000 USD (TRY 7,121,487), 31.12.2011: 4,435,000 USD (TRY 8,377,272)).

NOTE 19 – SHORT TERM PROVISIONS

Other Short Term Provisions

	30.06.2013	31.12.2012	31.12.2011
Lawsuit provisions	356,325	46,039	196,381
	356,325	46,039	196,381

Provisions for employee long term benefits include

	30.06.2013	31.12.2012	31.12.2011
Provision for severance pay	6,638,371	5,667,560	5,038,368
	6,638,371	5,667,560	5,038,368

For the period 01 January – 31 June 2013, average personnel number including subcontractors employed by the Group is 3,713.

The taken rate of retirement probability is 98%.

For the period ended 30 June 2013, 31 December 2012 and 2011, the movement schedule of severance pay provision is as following;

	30.06.2013	31.12.2012	31.12.2011
Balance of 1 January	5,667,560	5,038,368	4,087,007
Increase in the period	1,557,733	2,736,887	3,004,971
Interest cost	160,915	277,703	238,660
Payments in the period	(1,114,135)	(2,523,581)	(2,155,392)
Actuarial profit/(loss)	366,298	138,183	(136,878)
Balance at the end of the period	6,638,371	5,667,560	5,038,368

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NOTE 20 – EMPLOYEE BENEFITS DEBTS

	30.06.2013	31.12.2012	31.12.2011
Due to personnel	2,196,916	1,979,293	1,646,946
Social security premiums payable	723,206	632,653	585,408
	2,920,122	2,611,946	2,232,354

NOTE 21 – OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

Other current assets

	30.06.2013	31.12.2012	31.12.2011
VAT carried forward	11,323,650	7,097,762	3,998,941
	11,323,650	7,097,762	3,998,941

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NOTE 22 – SHARE CAPITAL

22.1 Paid in Capital

As of 30 June 2013, Group’s paid in capital was divided into 250,000,000 shares as each valued at TRY 1 nominally (31 December 2012: 250,000,000, 2011:225,000,000).

As of 30 June 2013, 31 December 2012 and 2011, Group’s paid in capital is as following:

Shareholders:	30.06.2013		31.12.2012		31.12.2011	
	Share (%)	TRY	Share (%)	TRY	Share (%)	TRY
Public offer shareholders	51.93%	129,828,520	51.93%	129,828,520	51.93%	116,845,668
Akça Holding A.Ş.	45.68%	114,208,053	45.68%	114,208,053	45.68%	102,787,248
Other	2.39%	5,963,427	2.39%	5,963,427	2.39%	5,367,084
Total	100.00%	250,000,000	100.00%	250,000,000	100.00%	225,000,000

According to company’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.

As of 20.01.2012 Group has decided to increase their capital from TRY 225,000,000 to 250,000,000.

As of 2012, board of director of the Group has decided to increase their capital from TRY 225,000,000 to TRY 250,000,000 with a decision. TRY 8,747,974 of 25,000,000 is financed with prior years’ profit and the remaining TRY 16,252,026 is financed with net profit of 2011.

22.2 Adjustment Differences in Shareholder’s Equity

	30.06.2013	31.12.2012	31.12.2011
Inflation adjustment difference in shareholder’s equity	485,133	485,133	485,133
	485,133	485,133	485,133

22.3 Profit / loss again be classified Accumulated Other Comprehensive Income / Expenses

22.3.1 Actuarial Benefit/(Loss) of the Retirement Plans

	30.06.2013	31.12.2012	31.12.2011
Actuarial benefit/(loss) of the retirement plans	(294,083)	(1,044)	109,502
	(294,083)	(1,044)	109,502

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22.4 Restricted Reserves Appropriated from Profit

	30.06.2013	31.12.2012	31.12.2011
Legal reserves	8,507,915	8,180,517	5,788,317
	8,507,915	8,180,517	5,788,317

According to the Turkish Commercial Code, legal reserves consist of first and second legal reserves. 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 Company’s share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’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. The statutory accumulated profits and statutory current year profit are available for distribution, subject to the reserve requirements referred to above.

Listed companies are subject to dividend requirements regulated by the CMB as follows:

It was announced in the CMB decision dated January 9, 2009, number 1/6 that without considering the fact that a profit distribution has been declared in the general assembly’s of the subsidiaries, joint ventures and associates, which are consolidated into the parent company’s financial statements, the net income from these companies that are consolidated into the financial statements of the parent company can be considered when calculating the distributable amount, as long as the statutory reserves of these entities are sufficient for a such profit distribution. After completing these requirements, the parent company may distribute profit by considering the net income included in the consolidated financial statements prepared in accordance with Communiqué No. XI-29 of CMB.

In accordance with the CMB decision dated January 27, 2010, it’s decided to remove the obligation related with the minimum dividend distribution rate for publicly traded companies.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source for capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. However, in case inflation adjustment to shareholders' equity is used on cash profit distribution, it will be subject to corporation tax.

22.5 Previous Year’s Profit / (Loss)

In accordance with the communiqué Serial: XI No: 29, effective from 1 January 2008, and its related announcements, “Paid-in Share Capital”, “Restricted Reserves Appropriated from Profit” and “Share Premium” should be presented with statutory amounts. The restatement differences arise during the application of the communiqué should be presented in “Adjustment to Share Capital”, if the difference is resulted from paid-in share capital and not has not added to capital yet; should be presented in “Retained Earnings / Losses”, if the difference is resulted from “Restricted Reserves Appropriated from Profit” and “Share Premium” and has not been subject to profit distribution or has not added to capital yet.

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According to the decision dated 30 December 2003 and numbered 66/1630 of Capital Market Board, “Previous Year’s Losses” account which arises from first time application of inflation adjustment on financial statements is taken into consideration as deductible item, during the calculation of distributable profit for the inflation adjusted financial statements under the profit distribution principles of the Capital Market Board. Nonetheless, it is also possible to set off “Previous Year’s Losses” with the Company’s current profit and accumulated profit. The remaining part of prior year’ loss is possibly set off extraordinary reserves, legal reserves and inflation effect on shareholder’s equity account, respectively.

In accordance with Turkish Commercial Code, legal reserves consist of first and second legal reserves. Until the Company’s legal reserve reaches 20% of the nominal paid-up share capital, legal reserves are set aside as the first 5% of net income. The second legal reserve, on 5% of the Company’s share capital is divided into 10% of all profits from the distribution. According to the Turkish Commercial Code, legal reserves for distribution unless they exceed 50%, but can be used to offset losses at the point of profit reserves have been exhausted.

22.6 Minority Interest

30 June 2013	Total Shareholders’ Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders’ Equity	Minority part of Profit/(Loss)
Menderes Bulgaria	(2,211,889)	-	90%	10%	(221,189)	-
Smryna	11,911,935	(906,549)	79%	21%	2,292,789	(188,865)
					2,071,600	
31 December 2012	Total Shareholders’ Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders’ Equity	Minority part of Profit/(Loss)
Menderes Bulgaria	(2,069,339)	-	90%	10%	(206,934)	-
Smryna	12,599,919	(687,984)	79%	21%	2,481,654	(143,330)
					2,274,720	
31 December 2011	Total Shareholders’ Equity	Profit/(Loss) of the Period	Parent Company Share	Minority Interest	Minority part of Shareholders’ Equity	Minority part of Profit/(Loss)
Menderes Bulgaria	(2,150,382)	-	90%	10%	(215,038)	-
Smryna	11,678,852	921,067	79%	21%	2,624,984	191,889
					2,409,946	

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NOTE 23 – SALES AND COST OF SALES

23.1 Sales

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Domestic sales	47,719,549	60,498,638	25,895,457	33,632,423
Export sales	123,241,066	80,812,058	62,230,297	46,582,739
Other sales	492,664	244,133	460,506	120,450
	171,453,279	141,554,829	88,586,260	80,335,612
Sales returns	(3,910,290)	(112,274)	(1,581,872)	(49,721)
Sales discounts	(25,632)	-	(25,632)	-
Sales Income, (net)	167,517,357	141,442,555	86,978,756	80,285,891

For the period ended 01 January – 30 June 2013 and 2012, for each main product sales of goods and service amounts are as following:

	Unit	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Yarn	Kg	357,846	2,295,470	158,458	1,435,283
Raw fabric	M ²	-	53	-	-
Finished fabric	M ²	13,911,766	7,355,865	7,167,875	4,252,102
Inter facing undercoat	M ²	12,331,495	15,520,377	6,255,218	7,786,227
Cover, pillow, curtain	Pcs	6,671,111	4,008,856	3,751,635	2,525,115
Electricity	KWH	938,483	1,003,955	393,897	506,869
Waste cotton	Kg	537,641	263,180	223,320	60,200
Patch fabric	Kg	1,813,960	1,544,047	1,069,180	986,447
Oakum	Kg	531,715	273,500	260,795	178,486
Waste dust	Kg	62,200	111,340	24,960	47,820
Bunch tomatoes	Kg	1,459,722	1,244,041	1,019,840	792,576

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23.2 Cost of Sales

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Direct material cost	150,131,175	146,945,958	78,634,189	84,653,356
Direct labor cost	28,197,818	22,565,991	14,889,956	11,570,906
General production overheads	5,851,265	4,846,676	3,339,092	2,958,030
Depreciation expenses	3,513,415	5,264,693	1,228,477	2,609,016
<u>Change in semi-finished goods</u>				
1. Beginning inventory (+)	40,051,875	30,631,637	53,468,218	50,984,342
2. Ending inventory (-)	(49,584,146)	(53,111,042)	(49,584,146)	(53,111,042)
Cost of finished goods produced	178,161,402	157,143,913	101,975,786	99,664,608
<u>Change in finished goods inventory</u>				
1. Beginning inventory (+)	11,551,256	5,764,938	20,802,568	14,726,723
2. Ending inventory (-)	(47,210,030)	(59,741,791)	(47,210,030)	(59,741,791)
Cost of finished goods sold	142,502,628	103,167,060	75,568,324	54,649,540
<u>Cost of merchandise</u>				
1. Beginning Merchandise Inventory (+)	255,339	449,349	327,482	25,463
2. Purchases During the Period (+)	4,490,533	16,272,853	2,833,540	7,648,937
3. Ending Merchandise Inventory (-)	(160,823)	(514,217)	(160,823)	(514,217)
Cost of merchandise sold	4,585,049	16,207,985	3,000,199	7,160,183
Cost of other service rendered	865,606	750,188	390,768	192,907
Cost of biological assets	2,928,429	3,120,198	2,366,490	2,185,544
Depreciation of biological assets	316,626	298,541	159,900	150,290
Cost of sales, net	151,198,338	123,543,972	81,485,681	64,338,464

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For the period ended 01 January – 30 June 2013 and 2012, for each main production of goods and service amounts are as following:

	Unit	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Yarn	Kg	4,228,834	6,947,712	2,170,357	3,014,990
Raw fabric	M ²	56,735,763	73,412,280	28,769,264	37,036,425
Finished fabric	M ²	85,138,049	68,251,921	51,094,186	41,369,753
Inter facing undercoat	M ²	13,880,110	16,399,862	6,503,404	8,653,788
Cover, sheet, pillow, curtain	Pcs	7,634,315	6,461,256	4,368,838	4,773,104
Electricity	KWH	40,480,361	49,654,864	20,318,589	28,516,000
Waste cotton	Kg	483,982	351,605	247,499	148,625
Patch fabric	Kg	1,972,148	1,690,639	1,324,207	709,766
Oakum	Kg	531,715	273,500	260,795	178,486
Waste dust	Kg	62,200	111,340	24,960	47,820
Bunch tomatoes	Kg	1,459,722	1,986,312	427,397	-

NOTE 24 – RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Marketing, sales and distribution expenses	4,486,526	2,733,377	2,798,032	1,598,313
General administrative expenses	4,175,349	3,471,494	1,478,691	2,229,179
	8,661,875	6,204,871	4,276,723	3,827,492

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24.1 General administrative expenses:

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Personnel expenses	49,500	30,971	3,375	16,375
Insurance expenses	312,812	248,483	163,518	119,846
Representation and accommodation expenses	58,835	6,769	56,960	2,999
Communication expenses	60,741	57,231	29,379	30,431
Rent expenses	99,718	88,608	48,785	38,490
Education and consultancy expenses	53,590	132,878	12,037	90,382
General administrative material consumption	110,321	211,866	56,871	169,202
Capital market expenses	62,500	56,896	-	583
Repair and maintenance expenses	44,731	33,903	23,818	16,685
Traveling expenses	183,453	192,746	68,681	55,270
Chamber fee expenses(*)	16,752	23,277	16,632	22,032
Tax and duty expenses	291,100	380,860	242,528	242,170
Chamber fee expenses	78,617	70,462	39,740	35,000
Notary and insurance expenses	14,305	5,912	7,473	3,336
Aid and donation expenses	299,957	101,415	46,456	80,910
Audit and consulting expenses	154,186	98,944	48,593	49,607
Electricity expenses	136,804	-	73,293	-
Lawsuit provisions	310,286	2,000	310,286	2,000
Severance pay provision expenses	443,598	958,279	(861,830)	875,110
Doubtful receivable provisions	65,240	-	65,240	-
Depreciation expenses	1,104,283	531,790	969,239	260,819
Other expenses	21,000	-	10,500	-
Personnel expenses	203,020	238,204	47,117	117,932
	4,175,349	3,471,494	1,478,691	2,229,179

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

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24.2 Marketing, selling and distribution expenses:

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Employee costs	1,203,219	1,017,882	649,210	530,188
Export expenses	2,956,353	1,353,872	1,948,409	866,514
Transportation expenses	200,590	184,076	98,428	77,790
Depreciation expenses	21,861	18,807	12,114	9,403
Other expenses	104,503	158,740	89,871	114,418
	4,486,526	2,733,377	2,798,032	1,598,313

NOTE 25 – OPERATING INCOME/(EXPENSE)

25.1 Operating Other Income

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Dividend income from associates	-	7,643,500	-	7,643,500
Reversal of unnecessary provision	-	152,341	-	119,590
Foreign exchange gain	1,407,206	1,037,232	846,648	288,107
Debt rediscount income / (expense), net	834,118	725,834	61,607	27,166
Prior period income and expenses	194,556	99,113	91,626	-
Other income and gain (*)	889,651	791,065	440,739	420,289
	3,325,531	10,449,085	1,440,620	8,498,652

(*)TRY 769,330 of other extraordinary income consist of income from Social Security Institution law no. 4857 and income of agricultural support (30 June 2012: TRY 616,370).

25.2 Other operating expenses (-)

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Commissions expenses	(6,042,672)	(4,077,693)	(3,114,981)	(2,587,667)
Foreign exchange losses	(928,413)	(2,255,258)	(164,847)	(507,875)
Discount notes receivable income / expenses	(499,925)	(705,053)	52,464	(39,517)
Other expenses and losses	14,465	(26,784)	17,578	(8,399)
	(7,456,545)	(7,064,788)	(3,209,786)	(3,143,458)

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NOTE 26 – INVESTMENT OPERATING INCOME/(EXPENSE)

26.1 Investment Operating Income and Profit

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Rent income	121,946	122,558	57,305	122,558
Gain on sale of fixed assets	450,682	4,675	450,681	-
	572,628	127,233	507,986	122,558

26.2 Investment Operating Expenses and Loss (-)

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Loss on sale of fixed assets	-	(9,019)	-	(9,019)
	-	(9,019)	-	(9,019)

26.3 Other Operating Income and Profit or Other Operating Expenses and Losses

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Shares related with investment valued by the equity method	3,465,701	(8,543,902)	2,633,085	(6,018,378)
	3,465,701	(8,543,902)	2,633,085	(6,018,378)

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NOTE 27 – FINANCIAL INCOME / (EXPENSE)

27.1 Financial income

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Interest income	189,687	256,858	92,547	143,094
Maturity differences due from related parties (6-iii-f)	2,455,150	1,166,436	1,858,073	124,237
Foreign exchange difference gains	3,781,443	12,023,816	1,727,971	3,239,105
Foreign exchange gain related parties (6-iii-e)	6,972,523	-	5,868,087	-
Foreign exchange gains arising from future contract	2,483,253	1,747,879	1,539,868	406,439
	15,882,056	15,194,989	11,086,546	3,912,875

27.2 Financial expenses (-)

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Interest expenses	(2,150,626)	(2,949,823)	(1,234,658)	(1,533,047)
Foreign exchange losses	(12,800,175)	(8,718,248)	(10,099,848)	(4,507,239)
Foreign exchange losses on related parties (6-iii-g)	(458,563)	(7,233,728)	(458,563)	(3,033,275)
Credit commission expenses	(354,755)	(511,649)	(133,261)	(159,385)
Guarantee commission expenses	(11,258)	(67,455)	(6,343)	(7,529)
Maturity differences expenses on related parties (6-iii-h)	(1,012,714)	(750,538)	(703,740)	(178,160)
Foreign exchange losses arising from futures contracts	(1,092,892)	(136,931)	(1,339,352)	51,622
Other financial expenses	(460,913)	(25,359)	(441,225)	(13,952)
	(18,341,896)	(20,393,731)	(14,416,990)	(9,380,965)

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NOTE 28 – TAX ASSETS AND LIABILITIES

Corporation tax

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. Turkish Corporation Tax does not allow declare tax from the consolidated financial statements of Parent Company with affiliates and subsidiaries. Because of this reason, the provided taxes in the accompanying financial statements are calculated per company separately.

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 nondeductible 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 30 June 2013 is 20% (31 December 2012 and 2011: 20%).

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 20% in 2011 (2012: 20%).

Losses may be carried forward for a maximum period of five years in order to be deducted from the taxable profit for a maximum period of five years.

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.

As explained in article 5, “Exceptions”, Corporation Tax Law, with condition of company’s tangible assets and founding notes with same period to participation shares, redeemed shares in the assets for 2 years, and 75% of profit from sale of pre-emptive rights in the fund for 5 years is exceptional from Corporation Tax.

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% 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:

	30.06.2013		31.12.2012		31.12.2011	
	Cumulative temporary differences	Deferred tax assets/(liability)	Cumulative temporary differences	Deferred tax assets/(liability)	Cumulative temporary differences	Deferred tax assets/(liability)
<u>Deferred tax assets:</u>						
Unearned interest on receivable	107,307	21,462	316,980	63,396	219,620	43,924
Severance pay provision	6,638,371	1,327,674	5,667,560	1,133,512	5,038,368	1,007,674
Reversal of capitalized financial expenses	8,920,299	1,784,060	2,537,346	507,469	170,274	34,055
Tangible fixed assets (land, building, land improvements and depreciations excluded), net	25,956,887	5,191,377	24,841,344	4,968,269	20,725,133	4,145,027
Tangible fixed assets (land, building, land improvements and depreciations), net	355,140	17,757	363,133	18,157	976,020	48,801
Tangible fixed assets	14,307,512	715,376	17,773,213	888,661	8,894,480	444,724
Biological assets cost adjustments	-	-	-	-	108,177	21,635
Provision for lawsuits	310,286	62,057	-	-	-	-
Other	8,382	1,676	6,760	1,352	6,770	1,354
Deferred tax assets		9,121,439		7,580,816		5,747,194
<u>Deferred tax liabilities:</u>						
Unearned interest on payables	517,138	103,427	392,623	78,525	484,099	96,820
Foreign exchange	327,597	65,519	573,430	114,686	467,274	93,455
Forward	1,202,553	240,511	78,873	15,775	-	-
Other	5,393	1,079	40,001	8,000	87,222	17,445
Deferred tax liabilities		410,536		216,986		207,720
Deferred tax assets/(liabilities), net		8,710,903		7,363,830		5,539,474

For the period ended 30.06.2013, 31.12.2012 ve 2011, movements of deferred tax assets and liabilities are as following:

	01.01.- 30.06.2013	01.01.- 31.12.2012	01.01.- 31.12.2011
Current corporation tax		(1,900,145)	(1,356,043)
Deferred tax assets/(liabilities), net		1,273,814	978,139
		(626,331)	(377,904)
Deferred Tax (Asset) / Liability Movements	01.01.- 30.06.2013	01.01.- 31.12.2012	01.01.- 31.12.2011
Beginning balance	7,363,830	5,539,474	4,401,276
Deferred tax expense / (income)	1,273,814	1,824,356	1,138,198
Actuarial gains / (losses) effect of prior period	73,259	-	-
Ending Balance	8,710,903	7,363,830	5,539,474

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Agreement of tax provision that is shown in income statement is as follows:

	01.01.- 30.06.2013	01.01.- 30.06.2012
Unaudited profit before tax	6,649,930	12,602,951
Total additions to tax base	3,451,436	2,335,492
Total deductions from tax base	600,640	8,158,229
Unaudited financial profit	9,500,726	6,780,214
Valid tax rate	20%	20%
Calculated tax	1,900,145	1,356,043
Tax provision in the income statements	(1,900,145)	(1,356,043)

For the period 01.01.-30.06.2013 and 2012, there has been period loss in Smyrna Seracılık Ticaret A.Ş, therefore, this loss is not taken into account in the table below. Tax provision was calculated for Menderes Tekstil Sanayi ve Ticaret A.Ş.

NOTE 29 – EARNINGS PER SHARE

	01.01.- 30.06.2013	01.01.- 30.06.2012	01.04.- 30.06.2013	01.04.- 30.06.2012
Net period profit / (loss)	4,478,288	1,075,675	(325,258)	5,382,030
Weighted-average number of shares outstanding (per share with 1 TRY value)	250,000,000	225,000,000	250,000,000	225,000,000
Profit per share (TRY)	0.0179	0.0048	(0.0013)	0.0239

NOTE 30 – FINANCIAL INSTRUMENTS

Financial assets	30.06.2013	31.12.2012	31.12.2011
Liquid assets	30,280,342	41,140,313	15,818,760
Trade receivables	32,617,984	50,449,859	50,509,582
Financial assets	8,275,032	2,930,267	7,528,761
Financial liabilities			
Financial liabilities	158,427,488	100,599,664	89,146,873
Lease payables	1,474,994	52,799	252,670
Other liabilities	12,661,264	10,103,749	12,313,477
Trade liabilities	63,034,817	60,381,894	29,857,419

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NOTE 31 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial Instruments

Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk to any individual counterparty. Using credit limits is followed and having regard to customers’ financial position, prior experiences and other factors are valued by the Company.

Group allocated the provision for doubtful receivables if there is an objective evidence about the loan/credit will not stay the collection of the possibilities. Moreover, a possible impairment of financial assets are reviewed for the purpose of determining the carrying value and fair value of financial assets and is tested by comparing.

Maximum net credit risk as of 30 June 2013 is as following:

	Trade Receivables		Other Receivables		Bank Deposit	Other
	Related Party	Third Party	Related Party	Third Party		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	871,360	31,746,624	53,434,969	6,042,481	30,253,563	-
The part of maximum risk under guarantee with collateral	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	581,360	31,746,624	53,434,969	3,541,158	30,253,563	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Book value of financial assets that are overdue but not impaired	290,000	-	-	2,501,323	-	-
The part under guarantee with collateral etc	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
Past due (gross carrying amount)	-	278,077	-	-	-	-
Impairment (-)	-	(278,077)	-	-	-	-
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	-	-	-	-	-	-

As of 30 June 2013, aging of overdue receivables is as following:

	Trade Receivables	Other Receivables
Overdue 1 - 30 days	290,000	-
Overdue 1 – 3 months	-	-
Overdue 3 - 12 months	-	-
Overdue 1 - 5 years	-	2,501,323
	290,000	2,501,323

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Maximum net credit risk as of 31 December 2012 is as following:

	Trade Receivables		Other Receivables		Bank Deposits	Other
	Related Party	Third Party	Related Party	Third Party		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	276,870	50,172,989	46,310,682	4,847,955	40,946,215	-
The part of maximum risk under guarantee with collateral	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	276,870	50,172,989	46,310,682	2,507,834	40,946,215	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Book value of financial assets that are overdue but not impaired	-	-	-	2,340,121	-	-
The part under guarantee with collateral etc	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
Past due (gross carrying amount)	-	212,837	-	-	-	-
Impairment (-)	-	(212,837)	-	-	-	-
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	-	-	-	-	-	-

As of 31 December 2012, aging of overdue receivables is as following:

	Trade Receivables	Other Receivables
Overdue 1 - 30 days	-	-
Overdue 1 – 3 months	-	-
Overdue 3 - 12 months	-	-
Overdue 1 - 5 years	-	2,340,121
	-	2,340,121

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Maximum net credit risk as of 31 December 2011 is as following:

	Trade Receivables		Other Receivables		Bank Deposit	Other
	Related Party	Third Party	Related Party	Third Party		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	843,308	49,666,274	59,620,906	4,287,340	15,782,012	-
The part of maximum risk under guarantee with collateral	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	811,602	49,666,274	59,620,906	2,130,711	15,782,012	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Book value of financial assets that are overdue but not impaired	31,706	-	-	2,156,629	-	-
The part under guarantee with collateral etc	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
Past due (gross carrying amount)	-	280,552	-	-	-	-
Impairment (-)	-	(280,552)	-	-	-	-
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	-	-	-	-	-	-

As of 31 December 2011, aging of overdue receivables is as following:

	Trade Receivables	Other Receivables
Overdue 1 - 30 days	31,706	-
Overdue 1 – 3 months	-	-
Overdue 3 - 12 months	-	-
Overdue 1 - 5 years	-	2,156,629
	31,706	2,156,629

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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. The Group management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

As of 30 June 2013, Group’s liquidity risk table is shown below:

Maturities according to agreement	Book Value	Cash outflow according to agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1- 5 Years (III)
Financial Liabilities Non Derivatives	235,598,563	238,952,203	123,386,279	101,187,694	14,378,230
Financial borrowings	158,427,488	161,192,781	62,636,864	84,826,522	13,729,395
Financial leasing	1,474,994	1,546,200	226,178	671,187	648,835
Trade payables	63,034,817	63,551,958	59,910,768	3,641,190	-
Other liabilities	12,661,264	12,661,264	612,469	12,048,795	-
	235,598,563	238,952,203	123,386,279	101,187,694	14,378,230

As of 31 December 2012, Group’s liquidity risk table is shown below:

Maturities according to agreement	Book Value	Cash outflow according to agreement (=I+II+III)	Less than 3 months (I)	Between 3 – 12 months (II)	Between 1- 5 Years (III)
Financial Liabilities Non Derivatives	171,138,106	173,253,522	105,799,272	52,736,447	14,717,803
Financial borrowings	100,599,664	102,320,150	47,388,373	40,227,925	14,703,852
Financial leasing	52,799	55,406	10,514	30,941	13,951
Trade payables	60,381,894	60,774,511	57,493,591	3,280,920	-
Other liabilities	10,103,749	10,103,455	906,794	9,196,661	-
	171,138,106	173,253,522	105,799,272	52,736,447	14,717,803

As of 31 December 2011, Group’s liquidity risk table is shown below:

Maturities according to agreement	Book Value	Cash outflow according to agreement (=I+II+III)	Less than 3 months (I)	Between 3 – 12 months (II)	Between 1- 5 Years (III)
Financial Liabilities Non Derivatives	131,510,199	132,957,070	76,950,810	50,989,704	5,016,556
Financial borrowings	89,146,873	90,549,765	46,898,290	38,754,514	4,896,961
Financial leasing	252,670	265,645	56,661	151,410	57,574
Trade payables	29,857,419	30,355,113	29,323,392	969,700	62,021
Other liabilities	12,253,237	11,786,547	672,467	11,114,080	-
	131,510,199	132,957,070	76,950,810	50,989,704	5,016,556

Interest Rate Risk

The group’s financial liabilities exposure the Group to interest rate risk. The group’s financial liabilities mainly consist of fixed rate borrowings. As of 30 June 2013, 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 634,636.

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Foreign Currency Risk

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

Foreign Currency Risk Sensitivity

As of 30 June 2013, 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 15,102,540 more / less.

	Profit / Loss		Profit / Loss	
	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	(12,810,735)	12,810,735	-	-
2- Hedged amount against USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(12,810,735)	12,810,735	-	-
	In the case of increasing / losing value of TRY by 10% against EURO			
4- Euro net asset / liability	(2,652,665)	2,652,665	(364,795)	364,795
5- Hedged amount against EUR risk (-)	-	-	-	-
6-Euro net effect (4+5)	(2,652,665)	2,652,665	(364,795)	364,795
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	360,860	(360,860)	-	-
8- Hedged amount against GBP risk (-)	-	-	-	-
9- GBP net effect 7+8)	360,860	(360,860)	-	-
TOTAL (3+6+9)	(15,102,540)	15,102,540	(364,795)	364,795

As of 31 December 2012, 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 889,953 more / less.

	Profit / Loss		Profit / Loss	
	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	(106,928)	106,928	-	-
2- Hedged amount against USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(106,928)	106,928	-	-
	In the case of increasing / losing value of TRY by 10% against EURO			
4- Euro net asset / liability	(926,312)	926,312	(207,535)	207,535
5- Hedged amount against EUR risk (-)	-	-	-	-
6-Euro net effect (4+5)	(926,312)	926,312	(207,535)	207,535
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	143,287	(143,287)	-	-
8- Hedged amount against GBP risk (-)	-	-	-	-
9- GBP net effect 7+8)	143,287	(143,287)	-	-
TOTAL (3+6+9)	(889,953)	889,953	(207,535)	207,535

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As of 31 December 2011, 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 2,104,975 more / less.

	Profit / Loss		Profit / Loss	
	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	1,889,845	(1,889,845)	-	-
2- Hedged amount against USD risk (-)	-	-	-	-
3-USD net effect (1+2)	1,889,845	(1,889,845)	-	-
	In the case of increasing / losing value of TRY by 10% against EURO			
4- Euro net asset / liability	157,706	(157,706)	(215,663)	215,663
5- Hedged amount against EUR risk (-)	-	-	-	-
6-Euro net effect (4+5)	157,706	(157,706)	(215,663)	215,663
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	57,424	(57,424)	-	-
8- Hedged amount against GBP risk (-)	-	-	-	-
9- GBP net effect 7+8)	57,424	(57,424)	-	-
TOTAL (3+6+9)	2,104,975	(2,104,975)	(215,663)	215,663

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As of 30 June 2013, amounts of assets and liabilities of the Company in foreign currency are as follows:

	TRY Equivalent (Functional Unit)	USD	EURO	GBP	CHF
1. Trade Receivables	14,082,574	57,008	4,064,627	1,282,122	-
2a. Monetary Financial Assets (including cash and banks)	10,711,139	4,671,031	37,874	554,805	-
2b. Non-monetary financial assets	5,068,210	1,546,085	832,361	-	17,800
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	29,861,923	6,274,124	4,934,862	1,836,927	17,800
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-
9. Total Assets (4+8)	29,861,923	6,274,124	4,934,862	1,836,927	17,800
10. Trade Payables	22,050,447	7,698,557	2,877,139	-	-
11. Financial Liabilities	145,431,352	63,386,805	8,613,718	604,987	-
12a. Other monetary financial liabilities	-	-	-	-	-
12b. Other non-monetary financial liabilities	41,129	17,160	3,222	-	-
13. Current Liabilities (10+11+12)	167,522,928	71,102,522	11,494,079	604,987	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	13,364,399	1,727,791	3,993,614	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	13,364,399	1,727,791	3,993,614	-	-
18. Total Liabilities (13+17)	180,887,327	72,830,313	15,487,693	604,987	-
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	-	-	-	-	-
19a. Hedged amount of assets	-	-	-	-	-
19b. Hedged amount of liabilities position	-	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	(151,025,404)	(66,556,189)	(10,552,831)	1,231,940	17,800
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(156,052,485)	(68,085,114)	(11,381,970)	1,231,940	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports*	122,941,049	67,804,269	-	-	-
24. Imports*	91,144,847	50,268,074	-	-	-

(*) As of 30 June 2013, exports and imports’ balances were appreciated with average rate of exchange.

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As of 31 December 2012, amounts of assets and liabilities of the Company in foreign currency are as follows:

	TRY Equivalent (Functional Unit)	USD	EURO	GBP	CHF
1. Trade Receivables	31,217,538	7,475,093	6,581,324	841,277	-
2a. Monetary Financial Assets (including cash and banks)	42,940,393	23,899,795	116,481	21,837	-
2b. Non-monetary financial assets	1,493,714	659,466	135,285	-	-
3. Other	34,687,875	19,459,147	-	-	-
4. Current Assets (1+2+3)	110,339,520	51,493,501	6,833,090	863,114	-
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	-	-	-	-	-
6b. Non-monetary financial assets	125,500	-	53,366	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	125,500	-	53,366	-	-
9. Total Assets (4+8)	110,465,020	51,493,501	6,886,456	863,114	-
10. Trade Payables	20,103,398	9,674,225	1,215,344	-	-
11. Financial Liabilities	86,132,452	40,865,663	5,206,210	362,922	-
12a. Other monetary financial liabilities	-	-	-	-	-
12b. Other non-monetary financial liabilities	166,468	39,970	39,180	1,072	-
13. Current Liabilities (10+11+12)	106,402,318	50,579,858	6,460,734	363,994	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	12,962,229	1,513,485	4,364,626	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	12,962,229	1,513,485	4,364,626	-	-
18. Total Liabilities (13+17)	119,364,547	52,093,343	10,825,360	363,994	-
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	-	-	-	-	-
19a. Hedged amount of assets	-	-	-	-	-
19b. Hedged amount of liabilities position	-	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	(8,899,527)	(599,842)	(3,938,904)	499,120	-
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(45,040,148)	(20,678,485)	(4,088,375)	500,192	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports*	299,902,477	167,338,178	-	-	-
24. Imports*	161,739,634	90,246,723	-	-	-

(*) As of 31 December 2012, exports and imports' balances were appreciated with average rate of exchange.

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As of 31 December 2011, amounts of assets and liabilities of the Company in foreign currency are as follows:

	TRY Equivalent (Functional Unit)	USD	EURO	GBP	CHF
1. Trade Receivables	36,397,183	9,900,672	6,842,324	334,087	-
2a. Monetary Financial Assets (including cash and banks)	22,877,849	11,709,694	310,749	-	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	58,851,806	31,156,655	-	-	-
4. Current Assets (1+2+3)	118,126,838	52,767,021	7,153,073	334,087	-
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-
9. Total Assets (4+8)	118,126,838	52,767,021	7,153,073	334,087	-
10. Trade Payables	8,638,631	3,181,650	1,075,707	-	-
11. Financial Liabilities	83,505,293	37,029,649	5,384,933	137,226	-
12a. Other monetary financial liabilities	-	-	-	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	92,143,924	40,211,299	6,460,640	137,226	-
14. Trade Payables	60,240	-	24,650	-	-
15. Financial Liabilities	4,872,920	2,550,717	22,452	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	4,933,160	2,550,717	47,102	-	-
18. Total Liabilities (13+17)	97,077,084	42,762,016	6,507,742	137,226	-
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	-	-	-	-	-
19a. Hedged amount of assets	-	-	-	-	-
19b. Hedged amount of liabilities position	-	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	21,049,754	10,005,005	645,331	196,861	-
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(37,802,052)	(21,151,650)	645,331	196,861	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports*	308,134,302	184,484,423	-	-	-
24. Imports*	150,711,932	90,231,322	1,491	-	-

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NOTE 39 – 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 Company 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 herein are not necessarily indicative of the amounts the Company 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 settlements approximates its fair values.

Capital risk management

In capital management, while the group tries to provide continuity, on the other hand aims at increasing profitability by using the balance of payable and equity most efficiently.

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

As of 30.06.2013, 31.12.2012 and 2011 the net debt / equity ratio is as following:

	30.06.2013	31.12.2012	31.12.2011
Total debt	256,439,716	187,461,726	166,048,730
Less: Liquid assets	(30,280,342)	(41,140,313)	(15,818,760)
Net debt	226,159,374	146,321,413	150,229,970
Total equity	276,729,880	272,701,849	278,814,350
Total capital	502,889,254	419,023,262	429,044,320
Net Debt / Total Capital ratio	45%	35%	35%

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NOTE 33 – OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR REQUIRED TO BE DISCLOSED FOR CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

Group has reached a decision dated 06 December 2005 and numbered 2005/17 to liquidate the subsidiary, Menderes Bulgaria Ltd. and liquidation process to be completed on 30 January 2006 and to notify Istanbul Stock Exchange and Capital Market Board on 17 December 2005, with special case announcement. Along with the liquidation process is still not completed as of report date, Group management has indicated that it would be completed in year 2013.

Dated 04.04.2012, according to the situation of the Group, Smyrna Seracılık Ticaret A.Ş., and manufacturing facility operates 82,500 m² in the field of greenhouse, production facilities made additional 114,000 m² to increase 196,500 m². For the additional 114,000 m² sign a contract with contractor company. Smyrna Seracılık A.Ş. had begun to additional ground floor corrections and other infrastructure works. Additional facilities will be constructed in Smyrna Seracılık Ticaret A.Ş.’s 206,232 m² land. It is planned that the facility will start to production in 2013-2014.

Dated 12.09.2011, according to the situation of the Group, municipality of Alaşehir issued a total of 858.59 hectares of vineyards in the tender on 24.08.2011 Natural Mineral Water / Geothermal Energy Production-Based Gas Exploration Period Bidding Maples Autoproducer Group Inc gained by Akça Enerji Üretim Otoprodüktör Grubu A.Ş. Drilling activities under this contract has been started as of November 30, 2011. Drilling operations of two wells have been completed and can be produced 12 mw electricity, drilling operations of third well has been started. Totally 8 wells are planned to open within the exploration licenses. After fourth well is opened and obtained yield in first two wells, turbine installation is started.

As of 17.02.2012, according to special explanation of The Group’s, Akça Enerji Otoprodüktör Group A.Ş., Denizli, Sarayköy, Tosunlar District, based on no. 5686 Geothermal Resources and Natural Mineral Water Supply Exploration License permits to operate on drilling. It’s started in 17.02.2012.

Akça Enerji Otoprodüktör Group A.Ş., which is started in 17.02.2012, as a result of drilling operations, Drilling of two wells have been completed. As a result the following data was obtained from MTA measurements. Maximum temperature is 251,53 degree celcius in 2965 meter When AK-1 well is static condition. AK-3 well is maximum 518 tones/hour, maximum static temperature 131,98 degree celcius in 2437 meter and but it is maximum dynamic temperature 132,7 degree celcius in same meter. Maximum static temperature 148,76 degrees celcius in 2,630 meter at AK-6 well, Static pressure is 249,82 bar. Measurement result of two wells can be produced up to 5MW power capacity. Drilling work is continuing at AK-4 and AK-5 wells.