

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED AT
31 MARCH 2021

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

CONTENTS	SAYFA
Consolidated Financial Statements	1-2
Consolidated Income Statements and Other Comprehensive Income Statements	3
Consolidated Changes in Equity Statements	4
Consolidated Cash Flows Statements	5-6
Notes to the Consolidated Financial Statements	7-80
NOTE 1 Organization and Nature of Activities.....	7-8
NOTE 2 Basis of Presentation of Financial Statements.....	9-27
NOTE 3 Segment Reporting.....	28-32
NOTE 4 Cash and Cash Equivalents	33
NOTE 5 Related Party Transactions	34-37
NOTE 6 Trade Receivables and Trade Payables.....	38-39
NOTE 7 Financial Borrowings.....	40-42
NOTE 8 Other Receivables and Payables.....	43
NOTE 9 Derivative Instruments.....	44
NOTE 10 Inventories.....	44
NOTE 11 Biological Assets.....	44
NOTE 12 Prepaid Expenses and Deferred Income.....	45
NOTE 13 Current Period Tax Income Assets.....	45
NOTE 14 Investments Valued with Equity Pick-up Method.....	46
NOTE 15 Investment Properties.....	47
NOTE 16 Tangible Fixed Assets	48-49
NOTE 17 Right of Use Assets	49
NOTE 18 Intangible Assets	50
NOTE 19 Provisions, Contingent Assets and Liabilities.....	51-53
NOTE 20 Short Term Provisions.....	54
NOTE 21 Employee Benefit Liabilities.....	55
NOTE 22 Other Current Assets and Liabilities.....	55
NOTE 23 Share Capital.....	55-59
NOTE 24 Sales and Cost of Sales.....	60-62
NOTE 25 Research and Development General Administrative Expenses and Marketing Expenses.....	63-64
NOTE 26 Other Operating Income/(Expenses).....	65
NOTE 27 Investment Activities Income / (Expenses).....	66
NOTE 28 Finance Income / (Expenses).....	67
NOTE 29 Tax Assets and Liabilities.....	68-70
NOTE 30 Earnings Per Share.....	70
NOTE 31 Financial Instruments.....	70
NOTE 32 Nature and Level of Risks Derived From Financial Instruments.....	71-77
NOTE 33 Financial Instruments (Fair Value Disclosures and Hedge Accounting Disclosures).....	78-80
NOTE 34 Subsequent Events.....	80

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2021

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

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
LIABILITIES	References	31.03.2021	31.12.2020
Current Liabilities		1,076,289,268	1,073,919,767
Cash and Cash Equivalents	4	57,739,342	47,437,939
Trade Receivables		261,831,281	290,476,101
<i>Trade Receivables from Related Parties</i>	5-6	124,889,055	146,771,852
<i>Trade Receivables from Third Parties</i>	6	136,942,226	143,704,249
Other Receivables		137,012,592	139,217,882
<i>Other Receivables from Related Parties</i>	5-8	129,905,613	128,646,738
<i>Other Receivables from Third Parties</i>	8	7,106,979	10,571,144
Derivative Financial Instruments	9	247,220	173,048
Inventories	10	515,566,345	501,630,684
Biological Assets	11	4,001,234	6,361,162
Prepaid Expenses	12	17,091,592	6,035,201
Current Tax Assets	13	208,655	1,143,958
Other Current Assets	22	82,591,007	81,443,792
Non-Current Assets		1,586,926,244	1,601,241,044
Other Receivables	8	136,935	120,830
Investments Valued by Equity Pick-up Method	14	53,080,835	52,953,647
Investment Properties	15	79,365,000	79,365,000
Tangible Assets	16	1,363,410,866	1,391,238,278
Right of Use Assets	17	141,215	201,736
Intangible Assets	18	16,286,353	13,562,482
Prepaid Expenses	12	873,791	1,019,458
Deferred Tax Assets	29	73,631,249	62,779,613
TOTAL ASSETS		2,663,215,512	2,675,160,811

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2021

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

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
LIABILITIES	References	31.03.2021	31.12.2020
Current Liabilities		1,004,474,525	972,374,129
Financial Borrowings	7	335,521,915	356,144,492
Current Installments of Long Term Financial Borrowings	7	353,066,593	313,847,115
Trade Payables		240,889,660	232,073,338
<i>Trade Payables to Related Parties</i>	5-6	889,758	121,754
<i>Trade Payables to Third Parties</i>	6	239,999,902	231,951,584
Employee Benefit Liabilities	21	31,421,564	25,729,497
Other Payables		10,460,725	11,424,477
<i>Other Payables to Related Parties</i>	5-8	6,123,547	5,274,970
<i>Other Payables to Third Parties</i>	8	4,337,178	6,149,507
Derivative Financial Instruments	9	336,060	94,875
Deferred Income	12	20,998,838	22,238,148
Current Tax Liabilities of Period Profit	29	708,301	1,646,995
Current Provisions		11,070,869	9,175,192
<i>Provision for employee benefits</i>	20	8,109,000	6,213,323
<i>Other current provisions</i>	20	2,961,869	2,961,869
Non-Current Liabilities		1,003,511,196	982,184,537
Long Term Borrowings	7	800,342,297	779,971,910
Long Term Provisions		60,696,381	57,822,309
<i>Long Term Provisions for Employee Benefits</i>	20	60,696,381	57,822,309
Deferred Tax Liabilities	29	142,472,518	144,390,318
Equity		655,229,791	720,602,145
Parent Company's Equity		638,665,640	704,571,173
Paid in Capital	23.1	250,000,000	250,000,000
Inflation Adjustments of Capital	23.2	485,133	485,133
Effect of mergers involving undertakings or businesses subject to common control	23.3	(70,487,372)	(70,487,372)
Accumulated Other Comprehensive Income or Expenses not to be Reclassified on Profit or Loss			
<i>Gains / losses on revaluation and remeasurement</i>			
<i>-Increase / Decrease on Revaluation of Tangible Assets</i>	23.4	638,436,962	638,436,962
<i>-Defined Benefit Plans Re-Measurement Gains / (Losses)</i>	23.4	3,455,267	5,377,107
Accumulated Other Comprehensive Income or Expenses to be Reclassified on Profit or Loss			
<i>Share of other comprehensive income of investments accounted for using the equity method that will not be reclassified to profit or loss</i>	23.5	42,649,562	42,649,562
Restricted Reserves		10,147,245	10,147,245
<i>Legal Reserves</i>	23.6	10,147,245	10,147,245
Retained Earnings / Losses	23.7	(172,037,464)	(77,913,133)
Net Profit / (Loss) for the Period	30	(63,983,693)	(94,124,331)
Minority Interests	23.8	16,564,151	16,030,972
TOTAL LIABILITIES AND EQUITY		2,663,215,512	2,675,160,811

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
STATEMENT FOR THE PERIOD OF 1 JANUARY-31 MARCH 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Unrewieved</i>	<i>Unrewieved</i>
	Footnote	Current Period	Prior Period
	References	01.01- 31.03.2021	01.01- 31.03.2020
Revenue	24.1	394,266,757	331,977,737
Cost of Sales (-)	24.2	(323,898,508)	(306,173,755)
Gross Profit / (Loss)		70,368,249	25,803,982
General Administrative Expenses (-)	25.3	(12,692,143)	(8,293,087)
Marketing Expenses (-)	25.2	(9,871,148)	(9,039,797)
Research and Development Expenses (-)	25.1	(6,036,867)	(952,111)
Other Operating Income	26.1	37,366,494	13,412,508
Other Operating Expenses (-)	26.2	(34,052,282)	(22,128,405)
Operating Profit / (Loss)		45,082,303	(1,196,910)
Income from Investment Activities	27.1	1,772,693	4,900
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	27.2	127,188	3,439,295
Operating Activity Profit/(Loss) Before Financial Expense		46,982,184	2,247,285
Financial Income	28.1	18,195,705	3,476,978
Financial Expenses (-)	28.2	(140,194,501)	(99,404,086)
Operating Activity Profit/(Loss) Before Taxation		(75,016,612)	(93,679,823)
Operating Activity Tax Income/(Expense)			
Current Tax Income/(Expense)	29	(708,301)	(450,379)
Deferred Tax Income/(Expense)	29	12,286,062	15,241,844
Current Period Operating Activity Profit / (Loss)		(63,438,851)	(78,888,358)
Profit/(Loss) for the Period		(63,438,851)	(78,888,358)
Distribution of the Period Income/(Loss)			
Minority Interests	23.8	544,842	(5,626,239)
Parent Company's Shares	30	(63,983,693)	(73,262,119)
Earnings Per Share	30	(0.2559)	(0.2930)
Other Comprehensive Income: Income (Expenses) not to be Reclassified on Profit or (Loss)			
- Defined Benefit Plans Re-Measurement Gains (Losses)	20	(2,416,877)	1,412,433
- Deferred Tax Income / (Expense)	29	483,374	(282,486)
Other Comprehensive Income		(1,933,503)	1,129,947
Total Comprehensive Income/(Expense)		(65,372,354)	(77,758,411)
Distribution of Total Comprehensive Income			
Minority Interests	23.8	533,179	(5,623,235)
Parent Company's Shares	30	(65,905,533)	(72,135,176)

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS OF
1 JANUARY – 31 MARCH 2021
(Currency – Turkish Lira “TRY” unless expressed otherwise.)

					Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss		Accumulated profits				
					Increase / (Decrease) on Revaluation of Tangible Assets	Defined Benefit Plans Re-Measurement Gains (Losses)	Share Of Other Comprehensive Income Of Investments Accounted For Using Equity Method That Will Not Be Reclassified To Profit or Loss		Accumulated Profit/Loss	Net Profit/Loss For The Period	Parent Company's Equity	Minority Interests	Total Equity
Balances at 01.01.2020		250,000,000	485,133	(25,567,435)	-	(28,816)	-	10,460,462	(25,858,051)	(13,364,984)	196,126,309	(15,063,956)	181,062,353
Transfers	23	-	-	-	-	-	-	-	(13,364,984)	13,364,984	-	-	-
Total Comprehensive Income/(Loss)		-	-	-	-	1,126,943	-	-	-	(73,262,119)	(72,135,176)	(5,623,235)	(77,758,411)
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	-	-	(73,262,119)	(73,262,119)	(5,626,239)	(78,888,358)
- Other Comprehensive Income/(Expense)	23	-	-	-	-	1,126,943	-	-	-	-	1,126,943	3,004	1,129,947
Balances at 31.03.2020	23	250,000,000	485,133	(25,567,435)	-	1,098,127	-	10,460,462	(39,223,035)	(73,262,119)	123,991,133	(20,687,191)	103,303,942
Balances at 01.01.2020	23	250,000,000	485,133	(70,487,372)	638,436,962	5,377,107	42,649,562	10,147,245	(77,913,133)	(94,124,331)	704,571,173	16,030,972	720,602,145
Transfers	23	-	-	-	-	-	-	-	(94,124,331)	94,124,331	-	-	-
Total Comprehensive Income/(Loss)		-	-	-	-	(1,921,840)	-	-	-	(63,983,693)	(65,905,533)	533,179	(65,372,354)
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	-	-	(63,983,693)	(63,983,693)	544,842	(63,438,851)
- Other Comprehensive Income/(Expense)	23	-	-	-	-	(1,921,840)	-	-	-	-	(1,921,840)	(11,663)	(1,933,503)
Balances at 31.03.2021	23	250,000,000	485,133	(70,487,372)	638,436,962	3,455,267	42,649,562	10,147,245	(172,037,464)	(63,983,693)	638,665,640	16,564,151	655,229,791

The accompanying notes form an integral part of these financial statements

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIODS OF 31 MARCH 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Unreviewed</i>
	Footnote	Current Period	Prior Period
	References	01.01- 31.03.2021	01.01- 31.03.2020
CASH FLOWS FROM THE OPERATING ACTIVITIES		93,968,796	(40,694,701)
Current Period Operating Activity Profit / (Loss)		(63,438,851)	(78,888,358)
Adjustments Related with Net Profit/Loss for The Period		137,426,114	75,813,824
Adjustments for depreciation, amortisation expenses	16-17-18	25,921,682	8,715,375
Adjustments to Impairment (Cancellation)			
- Adjustments to Impairment (Cancellation) in Receivables	6	(107,755)	(16,949)
Adjustments related to the provisions			
- Adjustments for employee termination benefits	20-25.2-25.3	940,569	5,269,246
- Adjustment for other provisions or reversals	20	1,895,677	(646,725)
Adjustments for interest income and expenses			
- Adjustments for interest income			
- Adjustments for interest expenses	7-28	10,626,381	3,383,619
- Unearned income from futures sale	26.1	6,153,928	2,702,295
- Deferred financial expense arise from forward purchasing	26.2	(6,525,437)	(4,371,772)
Adjustments for fair value income or loss			
- Adjustments for financial instruments fair value losses /(profits)	28	167,013	(380,475)
Adjustment for unrealized currency translation differences	7	111,250,680	79,557,863
Adjustments for retained earnings of investments subject to equity pick-up method			
- Adjustment for retained earnings of subsidiaries	27.2	(127,188)	(3,439,295)
Tax payments/returns	29	(12,769,436)	(14,959,358)
Changes in the Company Capital		20,920,227	(38,070,546)
Adjustments for increase/decrease in trade receivables			
- Adjustments for increase/decrease in trade receivables from related parties	5-6	21,882,797	(27,161,349)
- Adjustments for increase/decrease in trade receivables from third parties	6	715,850	(9,323,165)
Adjustments for increase/decrease in other receivables related to the operations			
- Adjustments for increase/decrease in other receivables from related parties related to the operations	5-8	(1,258,875)	6,365,061
- Adjustments for increase/decrease in other receivables from third parties related to the operations	8	3,236,148	(802,768)
Adjustments for increase/decrease in inventories	10	(13,935,661)	(3,443,781)
Adjustments related to the increase/decrease in biological assets	11	2,359,928	1,013,048
Adjustments for increase/decrease in prepaid expenses	12	(10,910,724)	19,143,584
Adjustments for increase/decrease in trade payables			
- Adjustments for increase/decrease in trade payables to related parties	5-6	768,004	756,779
- Adjustments for increase/decrease in trade payables to third parties	6	14,573,755	(49,038,073)
Increase/decrease in employee benefits liabilities	21	5,692,067	5,400,227
Adjustments for increase/decrease in other payables related to the operations			
- Adjustments for increase/decrease in other payables from related parties related to the operations	5-8	848,577	17,063,025
- Adjustments for increase/decrease in other payables from third parties related to the operations	8	(1,812,329)	(595,968)
Increase/decrease in deferred tax	12	(1,239,310)	2,552,834
Cash Flow from Operating Activities		94,907,490	(41,145,080)
Tax payments/returns	29	(938,694)	450,379

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIODS OF 31 MARCH 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Unreviewed</i>	<i>Unreviewed</i>
		Current Period	Prior Period
	Footnote References	01.01- 31.03.2021	01.01- 31.03.2020
NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES		(757,620)	(69,006,395)
Proceeds from sale of property, plant, equipment and intangible assets			
- Proceeds from sale of tangible assets	16	662,118	-
Proceeds from purchase of property, plant, equipment and intangible assets			
- Proceeds from purchase of tangible assets	16	(1,342,278)	(68,907,510)
- Proceeds from purchase of intangible assets	18	(77,460)	(98,885)
CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES		(82,909,773)	116,311,705
Cash inflows from financial liabilities			
- Cash inflows from bank loans	7	74,918,605	315,161,232
Cash outflows from financial liabilities			
- Cash outflows for bank loans	7	(155,954,332)	(198,370,065)
- Cash outflows from other financial liabilities	7	(64,442)	(183,874)
Cash outflows from finance leases	7	(1,809,604)	(295,588)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN EXCHANGE CURRENCY DIFFERENCES (A+B+C)		10,301,403	6,610,609
D. EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		-	-
CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE		10,301,403	6,610,609
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	4	47,437,939	30,933,504
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	57,739,342	37,544,113

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

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

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

- Menderes Tekstil Sanayi ve Ticaret A.Ş.
- Smyrna Seracılık Ticaret A.Ş.
- Tan Elektrik Üretim A.Ş.
- Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

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

- Aktur İzmir Gayrimenkul A.Ş.

Menderes Tekstil Sanayi ve Ticaret A.Ş.

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

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

As of 31 March 2021, 3,594 personnel are employed by the Company and average number of personnel is 3,736 for the period of 01.01-31.03.2021.

Company shares are traded in the Borsa Istanbul since 2000

Production Capacity (Textile)

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

Products	Unit	Quantity
Cotton yarn (is used in its production)	Kg	5,438,718
Raw fabric woven (is used in its production)	m ²	59,151,060
Knitted fabric (is used in its production)	Kg	1,004,400
Linens	Kg	19,477,500
Pillow case	Kg	5,670,000
Sheet	Kg	7,218,750
Fabric painting (is used in its production)	Kg	3,744,000
Fabric printing (is used in its production)	Kg	14,121,000
Digital fabric printing (is used in its production)	Kg	1,573,719

Production Capacity (Energy)

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Smyrna Seracılık Ticaret A.Ş.

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

Smyrna Seracılık Ticaret A.Ş. has operated on the existing area which is 197,000 m²

Capacity Report 1 (Sarayköy)

According to the capacity report from Denizli Industrial Chamber dated 16 May 2019, numbered 249 and valid until 17 May 2021, The Company production capacity is as follows:

Product	Unit	Quantity
Tomato	Ton	6,480

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

As of 31 March 2021, 282 personnel are employed by the Company and the average number of personnel is 280 for the period of 01.01-31.03.2021.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş.

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

As of 31 March 2021, 34 personnel are employed by the Company and the average number of personnel is 35 for the period of 01.01-31.03.2021.

Tan Elektrik Üretim A.Ş.

Tan Elektrik Üretim A.Ş. was established in İzmir on 18 July 2006 as "MTT Elektrik Üretim A.Ş." The Company name was changed to "Tan Elektrik Üretim A.Ş." on 9 November 2006. Main activity of Company is building production facilities, joining in to operation, renting, generating electricity and marketing electricity to customers. The Company annual electricity production capacity production is 133,070,400 kilowatt. Tan Elektrik Üretim A.Ş. started producing electricity at October 2014.

As of 31 March 2021, 10 personnel are employed by the Company and the average number of personnel is 11 for the period of 01.01-31.03.2021.

Aktur İzmir Gayrimenkul A.Ş.

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compliance Statement

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

The Preparation of Financial Statements

The accompanying consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets"(the Communiqué) announced by the Capital Markets Board (CMB) (hereinafter will be referred to as "the CMB Reporting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676, also put into place by Public Oversight, Accounting and Auditing Standards Authority(POA). TAS; Turkish Accounting Standards, Turkish Financial Reporting Standards and related annexes and interpretations.

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

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

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 24 May 2021 Boards of Directors have authority to change financial statements.

Currency Measurement and Reporting Currency

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

Rounding of amounts presented in financial statements

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

Offsetting

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Going Concern

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

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

Basis of Consolidation

The capital structure of subsidiaries and participations are as follows:

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

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

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

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

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

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

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

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

	31.03.2021	31.12.2020
	Rate %	Rate %
Public Offered Shares	46.88	46.88
Akça Holding A.Ş.	50.73	50.73
Other	2.39	2.39
	%100	%100

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

	31.03.2021	31.12.2020
	Rate %	Rate %
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	53.57	53.57
Rıza Akça	21.67	21.67
Dilek Göksan	10.83	10.83
Ahmet Bilge Göksan	10.83	10.83
Menderes Tekstil Pazarlama A.Ş.	3.10	3.10
	%100	%100

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	31.03.2021	31.12.2020
	Rate %	Rate %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.17	79.17
Rıza Akça	10.31	10.31
Ahmet Bilge Göksan	5.16	5.16
Dilek Göksan	5.16	5.16
Other	0.20	0.20
	%100	%100

Aktur İzmir Gayrimenkul A.Ş. (Participation)

	31.03.2021	31.12.2020
	Rate %	Rate %
Zeybekçi Holding A.Ş.	50.00	50.00
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.00	48.00
Akça Holding A.Ş.	2.00	2.00
	%100	%100

2.b. Comparative Information and Previous Periods Adjustments

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

2.c. Changes in Accounting Estimates and Errors

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

2.d. Changes in Accounting Policies

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

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

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

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

2.e. New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 March 2021 are consistent with those of the previous financial year, except for the adoption of new and amended ("TAS")/IFRS and ("TAS")/IFRS interpretations effective as of 1 January 2021. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are not yet effective as at 31 March 2021 are as follows

:

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

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

2.f. Summary of Significant Accounting Policy

Revenue Recognition

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

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

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

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

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

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

Interest Income

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

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Inventories

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

Biological Assets

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

Tangible Assets

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

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

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

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

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

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

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Economic useful lives of assets approximately are as follows:

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

Intangible Assets

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

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

Investment Properties

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

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

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal. A gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Impairment of Assets

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

Right-of-Use Assets

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

The cost of right-of-use asset includes:

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

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

Lease Liabilities

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

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

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

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

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

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

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

Short – term leases and leases of low-value assets

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

Borrowing costs

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

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

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Financial Assets

Classification

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

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

Recognition and Measurement

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

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

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

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

Derecognition

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Impairment

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

Provision for loss measured as below;

- 12 Month ECL: results from default events that are possible within 12 months after reporting date.

- Lifetime ECL: results from all possible default events over the expected life of financial instrument.

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

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

Trade Receivables

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

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

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

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

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

Cash and cash equivalents

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Financial liabilities

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

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

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

Equity instruments

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

Other financial liabilities

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

Trade payables

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

The Effects of Exchange Rates

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

Effects of Change in Currency Rate

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Earnings per Share / (Loss)

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

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

Investments Subject to Equity Pick-up Method

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

Employee Benefits / Severance Pay

Provision for severance pay

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 31 March 2021, such payments are calculated on the basis of 30 days’ pay limited to a maximum of TRY 7,639 (31 December 2020: TRY 7,117) per year of employment at the rate of pay applicable at the date of retirement.

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

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

	31.03.2021	31.12.2020
Interest rate	% 16.75	% 17.25
Inflation rate	% 11.23	% 12.10
Discount rate	% 4.96	% 4.59

Social Insurance Premium

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

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Taxes

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

Provisions, Conditional Liabilities and Conditional Assets

Provisions

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

Conditional liabilities and conditional assets

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

Derivative Financial Instruments and Instruments to Protect from Risk

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

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Statement of Cash Flow

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

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

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

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

Subsequent Events

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

Related Parties

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

- (a) Directly, or indirectly through one or more intermediaries, the party,
 - (i) Controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) Has an interest in Group that gives it significant influence over the Group; or
 - (iii) Has joint control over the Group;
- (b) The party is an associate of the Group,
- (c) The party is a joint venture, in which the Group is a venture,
- (d) The party is member of the key management personnel of the Group or its parent,
- (e) The party is a close member of the family of any individual referred to in (a) or (d),
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e),
- (g) The party has a defined benefit plan for the employees of the Group or a related party of the Group

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

Details of related parties are as follows:

Akça Holding A.Ş. “Akça Holding”

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

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

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

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

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

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

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

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

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

Akçamen Tekstil Sanayi ve Ticaret A.Ş.

Selin Tekstil Sanayi ve Ticaret A.Ş.

Menderes Tekstil Pazarlama A.Ş.

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur İzmir Gayrimenkul A.Ş.

Government Grants and Incentives

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

2.g. Significant Accounting Estimates and Assumptions

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

Deferred Tax

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

As of 31 March 2021, deferred tax asset is recognized for temporary losses on taxable temporary differences amounting to TRY 45,125,477 which can be foreseen on temporary differences arising from tax deductions and can be utilized in the period in which the tax deduction period can be utilized.

Provision for severance pay

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

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

Deferred financing income / expense:

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

Useful lives:

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

Provisions for litigation:

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Investment property impairment:

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

Distinction of tangible assets and Investment properties:

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

Fair value measurements of land and buildings

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

Fair value measurements of property, plant and equipment

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

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

2.h. Segment Reporting

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

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

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

2.i. Accounting of Business Mergers under Common Control

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

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

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

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

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 3 – SEGMENT REPORTING

31 March 2021	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
ASSETS					
Cash and Cash Equivalents	38,548,324	789,586	18,401,432	-	57,739,342
Trade Receivables	114,196,764	130,138,441	17,496,076	-	261,831,281
Other Receivables	336,054,127	8,720,656	35,835,795	(243,597,986)	137,012,592
Derivative instruments	247,220	-	-	-	247,220
Inventories	406,575,190	107,506,433	1,484,722	-	515,566,345
Biological Assets	-	4,001,234	-	-	4,001,234
Prepaid Expenses	15,898,585	233,701	959,306	-	17,091,592
Current Tax Assets	194,729	-	13,926	-	208,655
Other Current Assets	76,346,588	6,244,419	-	-	82,591,007
Current Assets	988,061,527	257,634,470	74,191,257	(243,597,986)	1,076,289,268
Financial Investments	179,431,321	-	-	(179,431,321)	-
Other Receivables	55,526	29,602	51,807	-	136,935
Investments Valued by Equity Pick-up Method	53,080,835	-	-	-	53,080,835
Investment Properties	79,365,000	-	-	-	79,365,000
Tangible Assets	720,874,239	84,411,752	558,124,875	-	1,363,410,866
Right of use assets	141,215	-	-	-	141,215
Intangible Assets	16,232,891	17,151	36,311	-	16,286,353
Prepaid Expenses	428,243	99,432	346,116	-	873,791
Deferred Tax Assets	39,800,327	882,302	37,897,883	(4,949,263)	73,631,249
Non-Current Assets	1,089,409,597	85,440,239	596,456,992	(184,380,584)	1,586,926,244
TOTAL ASSETS	2,077,471,124	343,074,709	670,648,249	(427,978,570)	2,663,215,512
LIABILITIES					
Financial Borrowings	323,166,006	12,355,909	-	-	335,521,915
Current Installments of Long Term Financial Borrowings	261,240,411	-	91,826,182	-	353,066,593
Trade Payables	191,050,505	18,176,405	31,662,750	-	240,889,660
Employee Benefits Liabilities	29,580,747	1,209,172	631,645	-	31,421,564
Other Payables	51,587,966	199,670,488	2,800,257	(243,597,986)	10,460,725
Derivative instruments	336,060	-	-	-	336,060
Deferred Income	14,989,683	27,208	5,981,947	-	20,998,838
Current Tax Liabilities of Period Profit	-	708,301	-	-	708,301
Current Provisions	8,366,376	418,386	2,286,107	-	11,070,869
Current Liabilities	880,317,754	232,565,869	135,188,888	(243,597,986)	1,004,474,525
Long Term Borrowings	332,602,550	-	467,739,747	-	800,342,297
Provisions For Long Term Employee Benefits	58,035,302	2,277,230	383,849	-	60,696,381
Deferred Tax Liabilities	85,918,960	12,986,898	48,515,923	(4,949,263)	142,472,518
Non-Current Liabilities	476,556,812	15,264,128	516,639,519	(4,949,263)	1,003,511,196
Paid in Capital	250,000,000	12,000,000	108,000,000	(120,000,000)	250,000,000
Inflationary Adjustments of Shareholders' Equity	485,133	-	-	-	485,133
Effect of Mergers Involving Undertakings or Businesses Subject to Common Control	-	-	-	(70,487,372)	(70,487,372)
Accumulated other comprehensive income / expense not to be reclassified on profit or loss	-	-	-	-	-
- Gain on revaluation of properties	448,336,888	55,668,621	146,029,082	(11,597,629)	638,436,962
Defined Benefit Plans Re-Measurement Gains / (Losses)	3,391,597	126,114	(47,873)	(14,571)	3,455,267
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss	-	-	-	-	-
- Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	42,649,562	-	-	-	42,649,562
Restricted Reserves	10,147,245	313,217	127,759	(440,976)	10,147,245
Retained Earnings / Losses	23,063,483	8,784,739	(210,975,604)	7,089,918	(172,037,464)
Net Profit / Loss for the Period	(57,477,350)	18,352,021	(24,313,522)	(544,842)	(63,983,693)
Minority Interest	-	-	-	16,564,151	16,564,151
SHAREHOLDERS' EQUITY	720,596,558	95,244,712	18,819,842	(179,431,321)	655,229,791
TOTAL LIABILITIES AND EQUITY	2,077,471,124	343,074,709	670,648,249	(427,978,570)	2,663,215,512

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

31-December 2020	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
ASSETS					
Cash and Cash Equivalents	41,750,588	297,527	5,389,824	-	47,437,939
Trade Receivables	119,114,568	153,345,568	18,015,965	-	290,476,101
Other Receivables	389,581,812	4,041,629	27,513,393	(281,918,952)	139,217,882
Derivative instruments	173,048	-	-	-	173,048
Inventories	349,091,269	151,042,248	1,497,167	-	501,630,684
Biological Assets	-	6,361,162	-	-	6,361,162
Prepaid Expenses	4,785,427	119,435	1,130,339	-	6,035,201
Current Tax Assets	172,077	960,832	11,049	-	1,143,958
Other Current Assets	74,945,926	6,497,866	-	-	81,443,792
Current Assets	979,614,715	322,666,267	53,557,737	(281,918,952)	1,073,919,767
Current Assets	179,431,321	-	-	(179,431,321)	-
Financial Investments	54,302	14,721	51,807	-	120,830
Other Receivables	52,953,647	-	-	-	52,953,647
Investments Valued by Equity Pick-up Method	79,365,000	-	-	-	79,365,000
Investment Properties	739,880,307	85,825,217	565,532,754	-	1,391,238,278
Tangible Assets	201,736	-	-	-	201,736
Right of use assets	13,503,076	18,970	40,436	-	13,562,482
Intangible Assets	557,894	101,226	360,338	-	1,019,458
Prepaid Expenses	31,789,294	655,148	33,228,053	(2,892,882)	62,779,613
Non-Current Assets	1,097,736,577	86,615,282	599,213,388	(182,324,203)	1,601,241,044
TOTAL ASSETS	2,077,351,292	409,281,549	652,771,125	(464,243,155)	2,675,160,811
LIABILITIES					
Financial Borrowings	343,784,462	12,360,030	-	-	356,144,492
Current Installments of Long Term Financial Borrowings	230,569,586	-	83,277,529	-	313,847,115
Trade Payables	181,647,421	22,939,968	27,485,949	-	232,073,338
Employee Benefits Liabilities	24,436,007	903,202	390,288	-	25,729,497
Other Payables	39,042,465	243,805,738	10,495,226	(281,918,952)	11,424,477
Derivative instruments	94,875	-	-	-	94,875
Deferred Income	16,186,664	25,010	6,026,474	-	22,238,148
Current Tax Liabilities of Period Profit	-	1,646,995	-	-	1,646,995
Current Provisions	6,586,062	371,446	2,217,684	-	9,175,192
Current Liabilities	842,347,542	282,052,389	129,893,150	(281,918,952)	972,374,129
Long Term Borrowings	348,157,139	-	431,814,771	-	779,971,910
Provisions For Long Term Employee Benefits	55,515,667	1,951,363	355,279	-	57,822,309
Deferred Tax Liabilities	86,667,258	13,050,439	47,565,503	(2,892,882)	144,390,318
Non-Current Liabilities	490,340,064	15,001,802	479,735,553	(2,892,882)	982,184,537
Paid in Capital	250,000,000	12,000,000	108,000,000	(120,000,000)	250,000,000
Inflationary Adjustments of Shareholders' Equity	485,133	-	-	-	485,133
Effect of Mergers Involving Undertakings or Businesses Subject to Common Control	-	-	-	(70,487,372)	(70,487,372)
Accumulated other comprehensive income / expense not to be reclassified on profit or loss	-	-	-	-	-
- Gain on revaluation of properties	448,336,888	55,668,621	146,029,082	(11,597,629)	638,436,962
- Defined Benefit Plans Re-Measurement Gains / (Losses)	5,260,065	182,092	(38,816)	(26,234)	5,377,107
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss	-	-	-	-	-
- Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	42,649,562	-	-	-	42,649,562
Restricted Reserves	10,147,245	313,217	127,759	(440,976)	10,147,245
Retained Earnings / Losses	52,006,850	(1,163,921)	(154,700,002)	25,943,940	(77,913,133)
Net Profit / Loss for the Period	(64,222,057)	45,227,349	(56,275,601)	(18,854,022)	(94,124,331)
Minority Interest	-	-	-	16,030,972	16,030,972
SHAREHOLDERS' EQUITY	744,663,686	112,227,358	43,142,422	(179,431,321)	720,602,145
TOTAL LIABILITIES AND EQUITY	2,077,351,292	409,281,549	652,771,125	(464,243,155)	2,675,160,811

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

31 March 2021	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	231,548,713	115,422,025	47,489,196	(193,177)	394,266,757
Cost of Sales (-)	(195,233,987)	(107,833,299)	(21,040,469)	209,247	(323,898,508)
GROSS PROFIT/LOSS	36,314,726	7,588,726	26,448,727	16,070	70,368,249
General Administrative Expenses (-)	(11,994,602)	(317,710)	(448,816)	68,985	(12,692,143)
Marketing Expenses (-)	(9,564,855)	(306,312)	-	19	(9,871,148)
Research and Development Expenses (-)	(6,036,867)	-	-	-	(6,036,867)
Other Operating Income	17,204,009	19,771,826	480,636	(89,977)	37,366,494
Other Operating Expenses (-)	(25,760,239)	(7,938,444)	(358,502)	4,903	(34,052,282)
OPERATING PROFIT/LOSS	162,172	18,798,086	26,122,045	-	45,082,303
Income from Investing Activities	1,772,286	-	407	-	1,772,693
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	127,188	-	-	-	127,188
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	2,061,646	18,798,086	26,122,452	-	46,982,184
Financial Income (+)	16,018,702	110,652	2,378,054	(311,703)	18,195,705
Financial Expenses (-)	(83,849,913)	(125,117)	(56,531,174)	311,703	(140,194,501)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	(65,769,565)	18,783,621	(28,030,668)	-	(75,016,612)
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	(708,301)	-	-	(807,301)
- Deferred Tax Income/Expense	8,292,215	276,701	3,717,146	-	12,286,062
PROFIT/(LOSS) FOR THE PERIOD	(57,477,350)	18,352,021	(24,313,522)	-	(63,438,851)

31 March 2020	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	221,681,174	86,017,288	24,465,827	(186,552)	331,977,737
Cost of Sales (-)	(215,949,848)	(78,500,299)	(11,914,349)	190,741	(306,173,755)
GROSS PROFIT/LOSS	5,731,326	7,516,989	12,551,478	4,189	25,803,982
General Administrative Expenses (-)	(7,577,131)	(410,873)	(369,365)	64,282	(8,293,087)
Marketing Expenses (-)	(8,883,006)	(156,791)	-	-	(9,039,797)
Research and Development Expenses (-)	(952,111)	-	-	-	(952,111)
Other Operating Income	9,991,061	2,885,156	607,553	(71,262)	13,412,508
Other Operating Expenses (-)	(17,372,861)	(108,502)	(4,649,833)	2,791	(22,128,405)
OPERATING PROFIT/LOSS	(19,062,722)	9,725,979	8,139,833	-	(1,196,910)
Income from Investing Activities	4,900	-	-	-	4,900
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	3,439,295	-	-	-	3,439,295
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	(15,618,527)	9,725,979	8,139,833	-	2,247,285
Financial Income (+)	4,440,470	5,817	383,505	(1,352,814)	3,476,978
Financial Expenses (-)	(64,219,973)	(645,528)	(35,891,399)	1,352,814	(99,404,086)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	(75,398,030)	9,086,268	(27,368,061)	-	(93,679,823)
Operating Activity Tax Income / (Expense)					
- Taxes on income/Expense	-	(450,379)	-	-	(450,379)
- Income/Expense Tax for the period	13,797,036	61,370	1,383,438	-	15,241,844
PROFIT/(LOSS) FOR THE PERIOD	(61,600,994)	8,697,259	(25,984,623)	-	(78,888,358)

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

31 March 2021	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Assets by Segments					
Investment Property	79,365,000	-	-	-	79,365,000
Total Tangible Assets (Net Book Value)	720,874,239	84,411,752	558,124,875	-	1,363,410,866
Right of Use Assets (Net Book Value)	141,215	-	-	-	141,215
Total Intangible Assets (Net Book Value)	16,232,891	17,151	36,311	-	16,286,353
Purchases of Tangible and Intangible Assets	740,376	511,509	167,853	-	1,419,738
Depreciation Expenses	16,660,949	1,685,356	7,575,377	-	25,921,682
Total Assets	210,661,788	5,823,328	18,357,183	-	234,842,299
Total Liabilities	889,327,189	86,377	559,865,336	-	1,449,278,902
Net Asset / (Liability) Position of Foreign Currency Derivative Instruments Out of the Statement of Financial Position	(3,251,841)	-	-	-	(3,251,841)
Net Foreign Currency Asset/ Liabilities	(681,917,242)	5,736,951	(541,508,153)	-	(1,217,688,444)
Financial Payables	917,008,967	12,355,909	559,565,929	-	1,488,930,805
- USD	114,781,151	-	125,813,408	-	240,594,559
- EUR	648,039,380	-	433,752,521	-	1,081,791,901
- TRY	154,188,436	12,355,909	-	-	166,544,345
Export	176,368,114	15,445,486	-	-	191,813,600
Import	102,780,002	-	60,277	-	102,840,279
Total Debt	1,356,874,566	247,829,997	651,828,407	(248,547,249)	2,007,985,721
Cash Equivalents	(38,548,324)	(789,586)	(18,401,432)	-	(57,739,342)
Net Debt	1,318,326,242	247,040,411	633,426,975	(248,547,249)	1,950,246,379
Total Equity	720,596,558	95,244,712	18,819,842	(179,431,321)	655,229,791
Total Capital	2,038,922,800	342,285,123	652,246,817	(427,978,570)	2,605,476,170
Net Debt/Total Capital Ratio	64.66%	72.17%	97.11%		74.85%
31 December 2020	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Assets by Segments					
Investment Property	79,365,000	-	-	-	79,365,000
Total Tangible Assets (Net Book Value)	739,880,307	85,825,217	565,532,754	-	1,391,238,278
Right of Use Assets (Net Book Value)	201,736	-	-	-	201,736
Total Intangible Assets (Net Book Value)	13,503,076	18,970	40,436	-	13,562,482
Purchases of Tangible and Intangible Assets	67,547,084	2,149,952	109,893,454	-	179,590,490
Purchases of Investment Property	83,200	-	-	-	83,200
Depreciation Expenses	20,944,399	2,425,106	17,735,370	-	41,104,875
Total Assets in Foreign Currency	258,741,473	6,428,390	5,329,333	-	270,499,196
Total Liabilities in Foreign Currency	856,167,039	182,065	515,633,216	-	1,371,982,320
Net Asset / (Liability) Position of Foreign Currency Derivative Instruments Out of the Statement of Financial Position	2,008,173	-	-	-	2,008,173
Net Foreign Currency Asset/ Liabilities	(595,417,393)	6,246,325	(510,303,883)	-	(1,099,474,951)
Financial Payables	922,511,187	12,360,030	515,092,300	-	1,449,963,517
- USD	96,505,996	-	111,697,426	-	208,203,422
- EUR	660,353,507	-	403,394,874	-	1,063,748,381
- TRY	165,651,684	12,360,030	-	-	178,011,714
Export	1,142,107,357	34,121,719	-	-	1,176,229,076
Import	366,090,751	2,573,401	79,350,532	-	448,014,684
Total Debt	1,332,687,606	297,054,191	609,628,703	(284,811,834)	1,954,558,666
Cash Equivalents	(41,750,588)	(297,527)	(5,389,824)	-	(47,437,939)
Net Debt	1,290,937,018	296,756,664	604,238,879	(284,811,834)	1,907,120,727
Total Equity	744,663,686	112,227,358	43,142,422	(179,431,321)	720,602,145
Total Capital	2,035,600,704	408,984,022	647,381,301	(464,243,155)	2,627,722,872
Net Debt/Total Capital Ratio	63.42%	72.56%	93.34%		72.58%

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Information On The Geographical Region

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

Region	01.01.- 31.03.2021	01.01.- 31.03.2020
Germany	51%	63%
Italy	10%	10%
England	10%	5%
Netherland	8%	4%
Russia	5%	4%
Poland	4%	2%
France	4%	3%
China	2%	1%
Spain	1%	1%
U.S.A.	1%	3%
Other	4%	4%
	100%	100%

Information About Major Clients

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. Even so, as of 31 March 2021, the share of the largest buyer in the revenue from textile sector operations is 45.56 % (31 March 2020: 60.74%). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 86.57%. (31 March 2020: 98.85%) Domestic sales of dried fruits (grape, fig and apricot) produced by Menderes as subcontractors are made in accordance with the "Sales Agreement" signed between Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş., the related party of the Group and Osman Akça exports these products to different customers abroad.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 4 – CASH AND CASH EQUIVALENTS

As of 31 March 2021 and 31.December.2020 the details of cash and cash equivalents are as follows:

	31.03.2021	31.12.2020
Cash	159,738	118,977
Banks	57,579,604	47,318,962
<i>Demand deposits</i>	26,314,539	38,959,439
<i>Time deposits</i>	31,265,065	8,359,523
	57,739,342	47,437,939

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

	31.03.2021	31.12.2020
Within 1 month	31,265,065	8,359,523
	31,265,065	8,359,523

As of 31 March 2021, effective interest rates of time deposits in TRY 20.58% (31 December 2020: in TRY 19.38 %.)

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 5 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

a) Trade receivables from related parties (Note 6):

	31.03.2021	31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	124,999,142	147,033,353
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1,473,331	1,660,298
Akçamen Tekstil A.Ş.	606	4,716
Selin Tekstil Sanayi ve Ticaret A.Ş.	4,060	3,539
Unearned Interests	(1,588,084)	(1,930,054)
	124,889,055	146,771,852

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

	31.03.2021	31.12.2020
Menderes Tekstil Pazarlama A.Ş.	145,979	122,761
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	-	3,007
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	753,871	-
Unearned Interests	(10,092)	(4,014)
	889,758	121,754

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

	31.03.2021	31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş. (*)	128,646,738	128,646,738
Akça Holding A.Ş.	1,151,164	-
Selin Tekstil Sanayi ve Ticaret A.Ş.	107,711	-
	129,905,613	128,646,738

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

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

	31.03.2021	31.12.2020
Rıza Akça	85,050	85,050
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	325,324	325,324
Selin Tekstil Sanayi ve Ticaret A.Ş.	3,738,573	3,738,573
Akça Holding A.Ş.	-	889,051
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	1,974,600	236,972
	6,123,547	5,274,970

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

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

a) Sales to related parties:

	01.01.- 31.03.2021	01.01.- 31.03.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	100,208,629	76,695,553
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	878,783	1,286,841
	101,087,412	77,982,394

b) Purchases from related parties:

	01.01.- 31.03.2021	01.01.- 31.03.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	15,863,906	12,756,475
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	5,728	118
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	1,288	1,568
	15,870,922	12,758,161

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

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

	01.01.- 31.03.2021	01.01.- 31.03.2020
Benefits provided to senior management	278,784	277,597
	278,784	277,597

b) Service expenses paid to related parties:

	01.01.- 31.03.2021	01.01.- 31.03.2020
Akça Holding A.Ş.	230,695	247,850
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	77,146	96,517
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	14,740
	307,841	359,107

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

c) Rent income from related parties:

	01.01.- 31.03.2021	01.01.- 31.03.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	48,258	47,830
Akça Holding A.Ş.	40,758	36,300
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	36,714	32,700
Menderes Tekstil Pazarlama A.Ş.	1,683	1,500
Akçamen Tekstil Sanayi Ticaret A.Ş.	1,683	1,500
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	-	1,500
	129,096	121,330

d) Service income from related parties:

	01.01.- 31.03.2021	01.01.- 31.03.2020
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	61,186	55,224
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	8,693	3,894
Menderes Tekstil Pazarlama A.Ş.	-	1,134
	69,879	60,252

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

	01.01.- 31.03.2021	01.01.- 31.03.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	81,676	2,216,888
	81,676	2,216,888

f) Maturity difference received from related parties:

	01.01.- 31.03.2021	01.01.- 31.03.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	584,926	-
	584,926	-

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

	01.01.- 31.03.2021	01.01.- 31.03.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	3,530,463	4,561
Akça Holding A.Ş.	5,619	99,495
	3,536,082	104,056

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

	01.01.- 31.03.2021	01.01.- 31.03.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	7,370,250	-
	7,370,250	-

i) Interest Expences paid to related parties:

	01.01.- 31.03.2021	01.01.- 31.03.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	102,214	308,678
Akça Holding A.Ş.	17,214	-
	119,428	308,678

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 6 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	31.03.2021	31.12.2020
Trade receivables	117,716,623	124,720,747
Cheques and notes	3,780,612	2,260,644
Unearned interest on trade receivables	(1,431,306)	(985,119)
Doubtful trade receivables	425,842	425,842
Provision for doubtful receivables (-)	(425,842)	(425,842)
Income accruals	16,876,297	17,707,977
Trade Receivables From Third Parties	136,942,226	143,704,249
Trade receivables from related parties (Note 5)	126,368,285	148,612,837
Income accruals from related parties (Note 5)	108,854	89,069
Unearned interests on related party receivables (Note 5)	(1,588,084)	(1,930,054)
Trade Receivables From Related Parties	124,889,055	146,771,852
Total Short-Term Trade Receivables	261,831,281	290,476,101

As of 31 March 2021, the average maturity of trade receivables are 63 days. (31 December 2020: 41 days).

Maturity schedule of notes receivables as of 31 March 2021 and 31 December 2020 are as follows:

	31.03.2021	31.12.2020
1-30 days	104,220	83,813
31-60 days	309,466	478,000
61-90 days	2,092,485	257,245
91-120 days	991,186	542,250
121-150 days	118,255	491,503
151-180 days	165,000	370,555
181-210 days	-	25,000
211-240 days	-	12,278
	3,780,612	2,260,644

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

	31.03.2021	31.12.2020
Opening balance	425,842	65,554
Provisions of current year	-	360,288
Closing Balance	425,842	425,842

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Short Term Trade Payables

	31.03.2021	31.12.2020
Trade payables	195,489,286	177,821,420
Notes payables	29,814,948	30,719,504
Unearned interests on payables	(3,228,663)	(3,502,033)
Expense accruals	17,924,331	26,912,693
Trade Payables To Third Parties	239,999,902	231,951,584
Payables to related parties (Note 5)	899,850	125,768
Unearned interests on notes payables to related parties (Note 5)	(10,092)	(4,014)
Trade Payables to Related Parties	889,758	121,754
Total Short Term Trade Payables	240,889,660	232,073,338

As of 31 March 2021, the average maturity of trade payables are 66 days. (31 December 2020: 61 days).

As of 31 March 2021, the surety bond amounting to USD 13,414.172 (TRY 112,053,947) and EUR 312,991 (TRY 3,067,657) were given for trade payables of the Group by bank. (31.12.2020: USD 8,700,032 (63,862,584) and EUR 186,504 (TRY 1,680,008)) (Note 19)

As of 31 March 2021 and 31 December 2020, maturity breakdown of notes payables are as follows:

	31.03.2021	31.12.2020
1 – 30 days	6,267,319	16,922,884
31 – 60 days	15,890,504	7,995,011
61 – 90 days	4,972,088	5,645,399
91 – 120 days	1,328,893	156,210
121 – 150 days	347,734	-
151 – 180 days	547,049	-
240 – 270 days	461,361	-
	29,814,948	30,719,504

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 7 – FINANCIAL BORROWINGS

	31.03.2021	31.12.2020
Short Term Borrowings:		
TRY borrowings	48,771,605	53,188,675
USD borrowings	40,006,784	29,464,772
EUR borrowings	246,647,511	273,405,266
Credit card liabilities (TRY)	96,015	85,779
Short Term Financial Borrowings	335,521,915	356,144,492
Lease Payables:		
TRY lease payables, net	4,051,433	3,909,971
EUR lease payables, net	4,079,416	4,654,414
Operating lease payable:		
Operating lease payables, net	156,866	221,308
Bank Borrowings:		
TRY borrowings	54,168,638	53,005,368
USD borrowings	32,846,258	28,916,315
EUR borrowings	257,763,982	223,139,739
Current Installments of Long-Term Borrowings	353,066,593	313,847,115
Long Term Lease Payables:		
TRY lease payables, net	20,066,248	21,124,853
EUR lease payables, net	384,358	701,821
Long Term Bank Borrowings:		
TRY borrowings	39,233,540	46,475,760
USD borrowings	167,741,517	149,822,335
EUR borrowings	572,916,634	561,847,141
Long Term Financial Borrowings	800,342,297	779,971,910
Total Financial Liabilities	1,488,930,805	1,449,963,517

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

	31.03.2021	31.12.2020
Within 3 months	182,264,948	146,647,191
Between 3 - 12 months	498,035,845	514,558,723
Between 1 - 5 years	598,830,549	587,685,697
More than 5 years	181,061,142	170,459,539
	1,460,192,484	1,419,351,150

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

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

	31.03.2021	31.12.2020
Between 1-2 years	337,101,496	327,776,978
Between 2-3 years	111,823,521	110,570,721
Between 3-4 years	82,495,909	83,185,798
Between 4-5 years	67,409,622	66,152,197
Between 5-6 years	52,963,580	48,294,844
Between 6-7 years	44,694,992	40,802,788
Between 7-8 years	22,264,944	25,362,409
Between 8-9 years	14,928,764	13,668,123
Between 9-10 years	14,480,713	13,258,053
Between 10-11 years	9,338,406	8,557,023
Between 11-12 years	9,118,733	8,355,731
Between 12-13 years	8,900,528	8,155,783
Between 13-14 years	4,370,483	4,004,788
	779,891,691	758,145,236

As of 31 March 2021, effective interest rates for TRY, USD and EUR bank loans are 10.09%, 4.33% and 2,75% (31 December 2020: TRY 8,91% USD 4,81% and EUR 2,71%).

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

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 134,950,000 (TRY 1,127,291,330), 25,000,000 EUR (TRY 245,027,500) and 132,310,000 TRY.

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

	31.03.2021	31.12.2020
Short term lease payables	11,718,560	12,347,806
Cost of deferred lease payables (-)	(3,587,711)	(3,783,421)
	8,130,849	8,564,385
	31.03.2021	31.12.2020
Long term lease payables	26,564,627	28,759,407
Cost of deferred lease payables (-)	(6,114,021)	(6,932,733)
	20,450,606	21,826,674

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

As of 31 March 2021, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	11,718,560	(3,587,711)	8,130,849
Between 1 – 2 years	7,866,947	(2,812,909)	5,054,038
Between 2 – 3 years	7,479,060	(2,025,894)	5,453,166
Between 3 – 4 years	7,479,060	(1,110,469)	6,368,591
Between 4 – 5 years	3,739,560	(164,749)	3,574,811
	38,283,187	(9,701,732)	28,581,455

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

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

As of 31 March 2021, details of operating lease payables are as follows:

	31.03.2021	31.12.2020
Operating lease payables	156,866	221,308
	156,866	221,308

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

	31.03.2021	31.12.2020
Between 0 – 1 years	156,866	221,308
	156,866	221,308

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	31.03.2021	31.12.2020
Deposit and guarantees given	1,339,101	783,651
VAT return receivables	5,726,653	9,761,503
Other receivables	41,225	25,990
Other Receivables from Third Parties	7,106,979	10,571,144
Receivables from shareholders (Note 5)	129,797,902	128,646,738
Receivables from related parties (Note 5)	107,711	-
Other Receivables From Related Parties	129,905,613	128,646,738
Total Other Current Receivables	137,012,592	139,217,882

Other Non-Current Receivables

	31.03.2021	31.12.2020
Deposits and guarantees given	136,935	120,830
	136,935	120,830

Other Current Payables

	31.03.2021	31.12.2020
Deposit and guarantees received	34,400	22,400
Taxes and funds payable	4,301,508	6,078,340
Other various debts	1,270	48,767
Other Payables to Third Parties	4,337,178	6,149,507
Payables to shareholders (Note 6)	2,059,650	1,211,073
Payables to related parties (Note 6)	4,063,897	4,063,897
Other Payables to Related Parties	6,123,547	5,274,970
Total Other Current Payables	10,460,725	11,424,477

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 9 – DERIVATIVE INSTRUMENTS

	31.03.2021	31.12.2020
Income accrual from forward exchange	247,220	173,048
	247,220	173,048
	31.03.2021	31.12.2020
Expense accrual from forward exchange	336,060	94,875
	336,060	94,875

NOTE 10 – INVENTORIES

	31.03.2021	31.12.2020
Raw materials	176,161,863	136,109,419
Semi-finished products	188,041,921	149,816,954
Finished goods	45,380,105	52,339,286
Trade goods	430,272	762,416
Other inventories	711,989	607,576
Goods on transit	-	13,275,090
Agricultural products (Fig, Grape and Apricot)	104,840,195	148,719,943
	515,566,345	501,630,684

All inventories of the Group are covered by insurance coverage.

NOTE 11 – BIOLOGICAL ASSETS

Current Biological Assets

	31.03.2021	31.12.2020
Biological assets (Tomato)	4,001,234	6,361,162
	4,001,234	6,361,162

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 12 – PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	31.03.2021	31.12.2020
Order advances given	13,865,939	2,117,570
Prepaid expenses	3,215,416	3,905,720
Advances given for business purposes	10,237	11,911
	17,091,592	6,035,201

Long Term Prepaid Expenses

	31.03.2021	31.12.2020
Advances given for purchases of tangible assets	472,490	614,078
Prepaid expenses	401,301	405,380
	873,791	1,019,458

Short Term Deferred Income

	31.03.2021	31.12.2020
Advances received	10,080,705	7,748,434
Deferred income	10,918,133	14,489,714
	20,998,838	22,238,148

NOTE 13 – ASSETS RELATED TO CURRENT PERIOD TAX

	31.03.2021	31.12.2020
Prepaid taxes and funds	208,655	1,143,958
	208,655	1,143,958

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 14 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD

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

	31.03.2021	Share (%)	31.12.2020	Share (%)
Aktur İzmir Gayrimenkul A.Ş.	53,080,835	48%	52,953,647	48%
	53,080,835		52,953,647	

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

	31.03.2021	31.12.2020
Current assets	1,082,811	387
Non-current assets	120,188,982	120,206,237
Total Assets	121,271,793	120,206,624
Current liabilities	791,717	3,595
Non-current liabilities	9,895,004	9,882,932
Equity	110,585,072	110,320,097
Total Assets	121,271,793	120,206,624
Sales, net	425,910	--
Net profit / (loss)	264,976	(13,556)

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 15 – INVESTMENT PROPERTIES

Cost Value	Lands	Total
01 January 2020 opening balance	66,075,000	66,075,000
Additions	83,200	83,200
Fair value	12,786,667	12,786,667
Transfer	420,133	420,133
31 December 2020 closing balance	79,365,000	79,365,000
Additions	-	-
31 March 2021 closing balance	79,365,000	79,365,000
31.12.2020, Net Book Value	79,365,000	79,365,000
31.03.2021, Net Book Value	79,365,000	79,365,000

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

	Manisa	İzmir
01 January 2020 opening balance	2,600,000	63,475,000
Transfer	-	420,133
Addition	-	83,200
Value Decrease/increase	400,000	12,386,667
31 December 2020 closing balance	3,000,000	76,365,000
Addition	-	-
31 March 2021 closing balance	3,000,000	76,365,000

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 16 – TANGIBLE ASSETS

Cost Value	Land	Land Improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Special costs	Total
01 January 2020 opening balance	4,765,171	82,676,506	106,877,046	527,142,561	3,380,347	17,404,860	47,823,197	9,175	790,078,863
Additions	-	17,000	55,899	5,009,558	1,078,930	651,139	172,550,195	-	179,362,721
Disposals	-	-	-	(1,101,521)	(86,247)	(27,605)	-	-	(1,215,373)
Transfers	(403,653)	(13,892,482)	1,312,757	189,139,344	-	-	(181,303,963)	-	(5,147,997)
Impairment	-	-	(7,754,809)	-	-	-	-	-	(7,754,809)
Gain on revaluation of property	79,488,282	-	128,406,907	263,551,229	-	-	-	-	471,446,418
31 December 2020 closing balance	83,849,800	68,801,024	228,897,800	983,741,171	4,373,030	18,028,394	39,069,429	9,175	1,426,769,823
Additions	-	-	-	617,229	378,832	493,375	(147,158)	-	1,342,278
Disposals	-	-	-	(1,400,265)	-	(4,960)	(241,437)	-	(1,646,662)
Transfers	-	-	813,697	185,822	-	-	(4,117,032)	-	(3,117,513)
31 March 2021 closing balance	83,849,800	68,801,024	229,711,497	983,143,957	4,751,862	18,516,809	34,563,802	9,175	1,423,347,926
Accumulated Depreciation									
01 January 2020 opening balance	-	29,777,343	23,342,898	236,641,372	1,347,938	11,577,509	-	2,752	302,689,812
Additions	-	3,767,999	2,187,460	31,330,131	72,344	1,784,767	-	1,835	39,144,536
Disposals	-	-	-	(739,541)	(33,061)	(23,925)	-	-	(796,527)
Transfers	-	(12,743,956)	-	12,743,956	-	-	-	-	-
Gain on revaluation of property	-	-	(25,530,358)	(279,975,918)	-	-	-	-	(305,506,276)
31 December 2020 closing balance	-	20,801,386	-	-	1,387,221	13,338,351	-	4,587	35,531,545
Additions	-	973,278	1,859,182	22,124,729	38,178	394,233	-	459	25,390,059
Disposals	-	-	-	(979,687)	-	(4,857)	-	-	(984,544)
31 March 2021 closing balance	-	21,774,664	1,859,182	21,145,042	1,425,399	13,727,727	-	5,046	59,937,060
31.12.2020, Net Book Value	83,849,800	47,999,638	228,897,800	983,741,171	2,985,809	4,690,043	39,069,429	4,588	1,391,238,278
31.03.2021, Net Book Value	83,849,800	47,026,360	227,852,315	961,998,915	3,326,463	4,789,082	34,563,802	4,129	1,363,410,866

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

As of 31 March 2021, the depreciation expense of tangible assets for the period is TRY 25,390,059 (31 December 2020: TRY 39,144,536).

As of 31 March 2021, fixed assets are insured by TRY 23,912,218 EUR 37,956,200 (TRY 370,528,424), USD 163,465,755 (TRY 1,360,035,082). (31 December 2020: TRY 22,017,716 EUR 37,956,200 (TRY 341,905,654), USD 173,233,792 (TRY 1,271,622,650).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 134,950,000 (TRY 1,127,291,330), EUR 25,000,000 (TRY 245,027,500) and TRY 132,310,000.

As of 31 March 2021, net book value of leasing machines is TRY 14,925,601 (31 December 2020: TRY 15,184,269).

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

NOTE 17 – RIGHT OF USE ASSETS

Cost Value	Lands	Buildings	Plants	Vehicles	Total
01 January 2020 opening balance	216,676	419,777	158,360	1,180,687	1,975,500
Disposals	(216,676)	-	-	-	(216,676)
31 December 2020 closing balance	-	419,777	158,360	1,180,687	1,758,824
Additions	-	-	-	-	-
31 March 2021 closing balance	-	419,777	158,360	1,180,687	1,758,824
Accumulated Depreciation					
31 December 2020 opening balance	43,335	226,034	127,568	631,200	1,028,137
Additions	-	193,743	30,792	347,751	572,286
Disposals	(43,335)	-	-	-	(43,335)
31 December 2020 closing balance	-	419,777	158,360	978,951	1,557,088
Additions	-	-	-	60,521	60,521
31 March 2021 closing balance	-	419,777	158,360	1,039,472	1,617,609
31.12.2020, Net Book Value	--	--	--	201,736	201,736
31.03.2021, Net Book Value	--	--	--	141,215	141,215

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 18 – INTANGIBLE ASSETS

Cost Value	Rights	Research and Development Expenses	Other Intangible Assets	Total
01 January 2020 opening balance	703,167	10,833,888	1,036,698	12,573,753
Additions	227,769	-	-	227,769
Transfer	(3,755)	4,714,839	16,780	4,727,864
31 December 2020 closing balance	927,181	15,548,727	1,053,478	17,529,386
Additions	77,385	-	75	77,460
Transfer	-	3,117,513	-	3,117,513
31 March 2021 closing balance	1,004,566	18,666,240	1,053,553	20,724,359
Accumulated Depreciation				
01 January 2020 opening balance	401,778	1,358,073	819,000	2,578,851
Additions	123,316	1,170,462	94,275	1,388,053
Transfer	(15,543)	-	15,543	-
31 December 2020 closing balance	509,551	2,528,535	928,818	3,966,904
Additions	51,250	414,697	5,155	471,102
31 March 2021 closing balance	560,801	2,943,232	933,973	4,438,006
31.12.2020, Net Book Value	417,630	13,020,192	124,660	13,562,482
31.03.2021, Net Book Value	443,765	15,723,008	119,580	16,286,353

As of 31 March 2021, the amortization expense of intangible assets for the period is TRY 471,102 (31 December 2020: TRY 1.388,053).

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

Guarantees, security and mortgage “(GSM)” given by the Group	31.03.2021	31.12.2020
A. Total Amount of GSM given on behalf of legal entity	3,357,413,342	3,068,291,966
B. Total Amount of GSM given for partnerships which included in full consolidation	244,543,744	224,752,894
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
i. Total Amount of GSM given for the Parent Group	None	None
ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses	None	None
iii. Total Amount of GSM Given for Third Parties not Included in C Clause	None	None
Total	3,601,957,086	3,293,044,860

There is no guarantee given by the Group for the loans in favor of related parties. For credit contracts of the Group USD 114,250,000 (TRY 954,375,959), EUR 7,500,000 (TRY 73,508,250) and TRY 122,500,000 guarantee are provided by related parties (Akça Holding and Osman Akça) (31 December 2020: USD 114,250,000 (TRY 838,652,125), EUR 7,500,000 (TRY 67,559,250) and TRY 122,500,000

As of 31 March 2021, the details of the guarantee given for the subsidiary Tan Elektrik’s financial borrowings to investment are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Commerzbank AG	EUR	18,865,260	9.8011	184,900,296
AKA European Export&Trade Bank	EUR	6,085,383	9.8011	59,643,448
				244,543,744

As of 31 March 2021, details of mortgage on lands and buildings given to financial institutions are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	TRY	97,310,000	1.0000	97,310,000
Türkiye Vakıflar Bankası T.A.O	USD	134,950,000	8.3534	1,127,291,330
Türkiye Vakıflar Bankası T.A.O	EUR	25,000,000	9.8011	245,027,500
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	TRY	35,000,000	1.0000	35,000,000
				1,504,628,830

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

As of 31 March 2021, details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Electricity and Natural Gas Distribution Companies	TRY	3,376,833	1.0000	3,376,833
Energy Market Regulatory Authority	TRY	25,902	1.0000	25,902
Customs Administration	TRY	15,354,800	1.0000	15,354,800
Credit Guarantee	USD	8,836,000	8.3534	73,810,642
Credit Guarantee	EUR	39,625,760	9.8011	388,376,036
Credit Guarantee	TRY	10,000,000	1.0000	10,000,000
Employment commitment	TRY	160,000	1.0000	160,000
Food, Agriculture Livestock Directorate	TRY	625,669	1.0000	625,669
Public Institutions	TRY	11,182,334	1.0000	11,182,334
				502,912,217

As of 31 March 2021, bank details of the guarantee letters given are as follows:

Bank Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	40,212,165	1.0000	40,212,165
Türkiye Vakıflar Bankası T.A.O.	EUR	15,325,760	9.8011	150,209,306
Türkiye Vakıflar Bankası T.A.O.	USD	6,600,000	8.3534	55,132,440
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Halk Bank A.Ş.	USD	2,033,000	8.3534	16,982,462
Halk Bank A.Ş.	EUR	24,300,000	9.8011	238,166,730
Türkiye Finans Katılım Bankası A.Ş.	USD	203,000	8.3534	1,695,740
İşbankası A.Ş.	TRY	455,373	1.0000	455,373
				502,912,217

As of 31 March 2021, avals which are given to trade receivables by the Group are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	USD	13,414,172	8.3534	112,053,947
Türkiye Vakıflar Bankası T.A.O	EUR	312,991	9.8011	3,067,657
				115,121,604

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

As of 31 March 2021, bank details of the general borrowing contracts are as follows:

General Borrowing Contracts:	FX Currency	FX Amount	FX Rate	TRY Equivalent
Albarakaturk A.Ş.	TRY	15,000,000	1.0000	15,000,000
Denizbank A.Ş.	USD	9,000,000	8.3534	75,180,600
Eximbank A.Ş.	USD	25,000,000	8.3534	208,835,000
Finansbank A.Ş.	TRY	13,000,000	1.0000	13,000,000
Halk Bankası A.Ş.	TRY	10,000,000	1.0000	10,000,000
İşbankası A.Ş.	USD	9,500,000	8.3534	79,357,300
Odea Bank A.Ş.	TRY	33,000,000	1.0000	33,000,000
Şekerbank A.Ş.	USD	3,750,000	8.3534	31,325,250
Şekerbank A.Ş.	TRY	2,500,000	1.0000	2,500,000
Şekerbank A.Ş.	EUR	7,500,000	9.8011	73,508,250
Türkiye Finans katılım Bankası A.Ş.	TRY	30,000,000	1.0000	30,000,000
Akbank T.A.Ş.	TRY	4,000,000	1.0000	4,000,000
Vakıfbank A.Ş.	USD	65,000,000	8.3534	542,971,000
Turkland Bank A.Ş.	TRY	15,000,000	1.0000	15,000,000
Arap Türk Bankası A.Ş.	USD	2,000,000	8.3534	16,706,800
				1,150,384,200

As of 31 March 2021, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Eximbank	USD	1,800,000	8.3534	15,036,120
Eximbank	EUR	3,442,875	9.8011	33,743,962
Eximbank	TRY	1,115,000	1.0000	1,115,000
				49,895,082

As of 31 March 2021, bank details of the bonds are as follows:

Bond	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türk Eximbank	USD	2,000,000	8.3534	16,706,800
Türk Eximbank	EUR	1,058,418	9.8011	10,373,661
Türkiye Cumhuriyeti Merkez Bankası	USD	2,000,000	8.3534	16,706,800
Türkiye Cumhuriyeti Merkez Bankası	EUR	9,775,000	9.8011	95,805,753
Türkiye Cumhuriyeti Merkez Bankası	TRY	10,000,000	1.0000	10,000,000
				149,593,013

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 20 – PROVISIONS

Other Short Term Provisions

	31.03.2021	31.12.2020
Provision for the lawsuits	2,961,869	2,961,869
Provision for unused vacation	8,109,000	6,213,323
	11,070,869	9,175,192

	31.03.2021	31.12.2020
Unused vacation provisions at beginning of period	6,213,323	6,735,719
Provisions reversed during the period	-	(643,679)
Provisions during the period	1,895,677	121,283
Closing balance	8,109,000	6,213,323

Long Term Provisions for Employee Benefits

	31.03.2021	31.12.2020
Provision for severance pay	60,696,381	57,822,309
	60,696,381	57,822,309

For the period of 01 January – 31 March 2021, the average personnel number including subcontractors employed by the Group is 4,095. (01.01-31.12.2020: 4,378). The rate of retirement probability used is 96%. (01.01-31.12.2020: % 96).

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

	31.03.2021	31.12.2020
Balance of 01 January	57,822,309	48,560,363
Increase in the period	3,119,183	22,938,676
Interest cost	656,003	2,933,283
Payments during the period	(3,317,991)	(9,815,940)
Actuarial profit/(loss), net	2,416,877	(6,794,073)
Balance at the end of the period	60,696,381	57,822,309

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 21 – EMPLOYEE BENEFIT LIABILITIES

	31.03.2021	31.12.2020
Due to personnel	25,993,503	21,037,453
Social security deductions payable	5,428,061	4,692,044
	31,421,564	25,729,497

NOTE 22 – OTHER CURRENT ASSETS AND LIABILITIES

Other Current Assets

	31.03.2021	31.12.2020
VAT carried forward	82,591,007	81,443,792
	82,591,007	81,443,792

NOTE 23 – SHARE CAPITAL

23.1 Paid in Capital

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

As of 31 March 2021 and 31 December 2020, Group's paid in capital is as follows:

	31.03.2021		31.12.2020	
Shareholders:	Share (%)	TRY	Share (%)	TRY
Public Offered Shares	46.88%	117,189,944	46.88%	117,189,944
Akça Holding A.Ş.	50.73%	126,829,500	50.73%	126,829,500
Other	2.39%	5,980,556	2.39%	5,980,556
Total	100.00%	250,000,000	100.00%	250,000,000

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

23.2 Inflation Adjustments of Shareholders' Equity

	31.03.2021	31.12.2020
Inflation adjustment of shareholders' equity	485,133	485,133
	485,133	485,133

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

23.3 Impact of mergers involving jointly controlled enterprises or businesses

	31.03.2021	31.12.2020
Effect of mergers involving undertakings or businesses subject to common control	(70,487,372)	(70,487,372)
	(70,487,372)	(70,487,372)

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

23.4.1 Gain on revaluation of properties

	31.03.2021	31.12.2020
Gain on revaluation of properties	638,436,962	638,436,962
	638,436,962	638,436,962

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

	01.01.- 31.03.2021	01.01.- 31.03.2020
1 January (Beginning of period)	638,436,962	-
Increase in value on fixed asset	-	782,652,561
Transfer to minority shares	-	(11,597,629)
Deferred tax effect	-	(132,617,970)
	638,436,962	638,436,962

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

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

The fair value increases TRY 638,436,962 from revaluation of tangible assets are recognized in gain on revaluation of properties account which is under equity, after the netting of the deferred tax effect.

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

23.4.2 Defined Benefit Plans Re-Measurement Gains (Losses)

	31.03.2021	31.12.2020
Defined Benefit Plans Re-Measurement Gains (Losses)	3,455,267	5,377,107
	3,455,267	5,377,107

23.5 Accumulated other comprehensive income/(expense) to be reclassified to profit or loss

23.5.1 Share of other comprehensive income of investments accounted for using equity method that not to be reclassified to profit or loss

	31.03.2021	31.12.2020
Share of other comprehensive income of investments accounted for using equity method that not to be reclassified to profit or loss	42,649,562	42,649,562
	42,649,562	42,649,562

The fair value increases TRY 42,649,562 from revaluation of investment properties are shown in revaluation gain (loss) accounted with using the equity method which is under equity in the balance sheet, after the netting of the deferred tax effect.

23.6 Restricted Reserves

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

	31.03.2021	31.12.2020
Legal reserves	10,147,245	10,147,245
	10,147,245	10,147,245

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Profit Distribution

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

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

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

23.7 Retained Earnings/ Losses

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

	31.03.2021	31.12.2020
Previous Years Profits/(Losses)	(172,037,464)	(77,913,133)
	(172,037,464)	(77,913,133)

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

23.8 Minority Interest

The details of the minority interests as of 31 March 2021 are as follows:

31 March 2021	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Group Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	79,507,934	2,615,243	79.17%	20.83%	16,564,151	544,842	533,179
					16,564,151	544,842	533,179

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

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

As of 31 March 2021 and 31 December 2020, the details of the minority interests shares are as follows:

	31.03.2021	31.12.2020
Shares in capital	2,500,000	2,500,000
Revaluation fund	11,597,629	11,597,629
Actuarial loss / (gain)	14,571	26,234
Shares in accumulated profit / (losses)	1,907,109	(165,529)
Share in profit / (loss) for the period	544,842	2,072,638
	16,564,151	16,030,972

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 24 – SALES AND COST OF SALES

24.1 Sales

	01.01.- 31.03.2021	01.01.- 31.03.2020
Domestic sales	199,487,484	146,781,535
Export sales	191,813,600	185,416,013
Other sales	5,431,857	1,710,095
	396,732,941	333,907,643
Sales returns	(678,145)	(372,281)
Other discounts	(1,788,039)	(1,557,625)
Sales Income, (net)	394,266,757	331,977,737

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

24.2 Cost of Sales

	01.01.- 31.03.2021	01.01.- 31.03.2020
Direct material expenses	152,772,300	180,022,342
Direct labor expenses	40,848,965	49,144,716
General production expenses	15,368,401	17,457,327
Depreciation expenses	16,319,241	4,576,978
<u>Change in semi-finished goods</u>		
1. Beginning semi-finished goods(+)	149,816,954	174,959,398
2. Ending semi-finished goods (-)	(188,041,921)	(195,477,792)
Cost of finished goods produced	187,083,940	230,682,969
<u>Changes in finished goods inventory</u>		
1. Beginning inventory (+)	52,339,286	27,181,623
2. Ending inventory (-)	(45,380,105)	(45,420,859)
Cost of finished goods sold	194,043,121	212,443,733
<u>Cost of merchandises</u>		
1. Beginning merchandise inventory (+)	762,416	348,368
2. Purchases during the period (+)	662,416	2,241,504
3. Ending merchandise inventory (-)	(430,272)	(708,549)
Cost of merchandises sold	994,560	1,881,323
Cost of other service rendered	257,748	246,394
Cost of other sales	95,402,941	73,423,286
Cost of biological assets	10,528,910	5,660,180
Depreciation of biological assets	1,685,356	604,490
Energy costs	13,410,495	8,759,761
Energy depreciation	7,575,377	3,154,588
Cost of sales, net	323,898,508	306,173,755

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 01 January – 31 March 2021 and 2020, for each main production group, quantities of goods and services:

	Unit	01.01.- 31.03.2021	01.01.- 31.03.2020
Yarn	Kg	2,847,183	2,835,228
Raw Clothing	Mt2	30,231,185	30,264,485
Finishing Cloth	Mt2	26,646,263	44,400,033
Lining	Mt2	4,158,184	4,993,283
Linens, Sheets, Curtains, Pillows.	Quantity	3,215,244	4,896,673
Electricity	Kwh	81,959,886	54,404,048
Cotton Waste	Kg	67,526	111,455
Piece of Cloth	Kg	441,809	775,810
Yarn Waste	Kg	176,020	122,760
Textile Trash Powder	Kg	42,360	15,310
Tomato	Kg	674,586	1,176,606
Dried Figs	Kg	2,477,654	1,731,166
Dried Apricot	Kg	264,565	307,842
Dried Grape	Kg	3,514,689	4,173,070

As of 01 January – 31 March 2021 and 2020, for each main sales group, quantities of goods and services:

	Unit	01.01.- 31.03.2021	01.01.- 31.03.2020
Yarn	Kg	78,097	61,876
Raw Clothing	Mt2	-	333
Finishing Cloth	Mt2	4,173,178	3,934,459
Lining	Mt2	3,573,394	4,990,134
Linens, Sheets, Curtains, Pillows	Adet	3,510,160	4,351,627
Electricity	Kwh	65,167,716	40,061,030
Cotton Waste	Kg	81,320	92,300
Piece of Cloth	Kg	468,630	758,060
Yarn Waste	Kg	176,020	122,760
Textile Trash Powder	Kg	32,860	15,310
Tomato	Kg	915,371	1,180,771
Dried Figs	Kg	2,477,654	1,731,166
Dried Apricot	Kg	264,565	307,842
Dried Grape	Kg	3,514,689	4,173,070

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

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

	01.01.- 31.03.2021	01.01.- 31.03.2020
Research and development expenses	6,036,867	952,111
Marketing, sales and distribution expenses	9,871,148	9,039,797
General administrative expenses	12,692,143	8,293,087
	28,600,158	18,284,995

25.1 Research and Development Expenses

	01.01.- 31.03.2021	01.01.- 31.03.2020
Direct Material expenses	1,819,612	399,695
Personnel expenses	3,522,663	503,604
Other expenses	694,592	48,812
	6,036,867	952,111

25.2 Marketing Expenses

	01.01.- 31.03.2021	01.01.- 31.03.2020
Personnel expenses	2,694,842	2,759,629
Export expenses	6,451,905	4,070,870
Domestic sales transportation expense	225,216	1,264,738
Depreciation expenses	32,205	71,330
Other expenses	466,840	855,677
Fair expense	140	17,553
	9,871,148	9,039,797

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

25.3 General Administrative Expenses

	01.01.- 31.03.2021	01.01.- 31.03.2020
Personnel expenses	8,645,676	4,333,505
Insurance expenses	498,448	433,109
Education and consultancy expenses	728,525	386,860
Office expenses	138,335	270,130
Capital market expenses	85,516	108,322
Repair and maintenance expenses	17,637	25,356
Travelling expenses	65,874	171,996
Membership expenses	119,124	67,061
Tax and duty expenses	1,024,044	1,009,464
Shares in holding cost (*)	287,291	307,224
Provision for litigation expenses	6,704	-
Provision for severance pay expense	27,089	313,032
Provision for leave	108,712	321,503
Depreciation expenses	309,503	307,989
Other expenses	629,665	237,536
	12,692,143	8,293,087

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 26 – OTHER OPERATING INCOME/ (EXPENSES)

26.1 Other Income From Operating Activities

	01.01.- 31.03.2021	01.01.- 31.03.2020
Reversal of unnecessary provision	107,755	16,949
Foreign exchange gains related to commercial activities	29,522,962	7,192,802
Discount income / expenses on payables, net	6,153,928	2,702,295
Interest income gains from related parties related to commercial activities (Note 5)	584,926	-
Turnover premium income	70,371	-
Foreign exchange gains from related parties related to commercial activities (Note 5)	81,676	2,216,888
Rental income	259,764	136,810
Other income and profit	585,112	1,146,764
	37,366,494	13,412,508

26.2 Other Expenses From Operating Activities (-)

	01.01.- 31.03.2021	01.01.- 31.03.2020
Foreign exchange expenses from related parties related to commercial activities	7,370,250	-
Foreign exchange expenses related to commercial activities	19,269,710	17,438,709
Discount income/expenses on receivables, net	6,525,437	4,371,772
Other expenses and losses	852,267	220,217
Donation expenses	34,618	97,707
	34,052,282	22,128,405

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 27 – INVESTMENT ACTIVITIES INCOME / EXPENSE

27.1 Income from Investment Activities

	01.01.- 31.03.2021	01.01.- 31.03.2020
Profit on sale of fixed assets	1,772,693	4,900
	1,772,693	4,900

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

	01.01.- 31.03.2021	01.01.- 31.03.2020
Shares related with investment valued by the equity pick-up method	127,188	3,439,295
	127,188	3,439,295

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 28 – FINANCIAL INCOME / EXPENSES

28.1 Financial Income

	01.01.- 31.03.2021	01.01.- 31.03.2020
Interest income	431,566	270,589
Maturity differences income from related parties (Note 5)	3,536,082	104,056
Foreign exchange income regarding financial activities	13,934,050	2,644,808
Exchange difference income from futures contracts	294,007	457,525
	18,195,705	3,476,978

28.2 Financial Expenses (-)

	01.01.- 31.03.2021	01.01.- 31.03.2020
Interest expenses	13,898,816	10,528,694
Maturity differences expenses from related parties (Note 5)	119,428	308,678
Foreign exchange losses regarding financial activities	116,024,051	85,141,907
Foreign expenses for related parties (Note 5)	7,370,250	-
Commission expenses of borrowings	1,684,951	2,586,981
Financial expenses from right of use assets	5,158	762,363
Foreign exchange losses arising from futures contracts	416,087	56,142
Other financial expenses	675,760	19,321
	140,194,501	99,404,086

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

NOTE 29 – TAX ASSETS AND LIABILITIES

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

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

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

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 25% in 2021 (2020: 22%).

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

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

Taxable losses

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

Issue Premium Exemption

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

The Real Estate and Subsidiary Share Sales Gain Exemption

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Deferred Tax:

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

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

	31.03.2021		31.12.2020	
	Cumulative temporary differences	Deferred tax / (liability)	Cumulative temporary differences	Deferred tax / (liability)
Deferred tax assets:				
Unearned interests on receivables	3,019,390	694,460	2,915,173	583,035
Severance pay provision	60,696,381	12,139,276	57,822,309	11,564,461
Unused vacation provisions	8,109,000	1,865,070	6,213,323	1,242,664
Reversal of capitalized financial expenses (except land, buildings)	140,620,232	28,124,049	131,059,276	26,211,857
Reversal of capitalized financial expenses (land, buildings)	28,000,118	2,800,012	27,038,126	2,703,813
Deferred maturity difference income	10,782,637	2,480,007	14,311,500	2,862,300
Provisions of legal claims	2,961,869	681,230	2,961,869	592,373
Impairment of tangible fixed assets	7,754,809	775,481	7,754,810	775,481
Deductible retained losses	45,125,477	10,378,860	45,125,477	9,025,095
Foreign exchange	9,024,258	2,075,580	1,342,933	268,587
Effect of other corrections	50,509,681	11,617,224	34,749,724	6,949,947
Deferred tax assets		73,631,249		62,779,613
Deferred tax liabilities:				
Tangible assets (land, building, land improvements and depreciations), net	40,337,434	8,067,488	46,791,627	9,358,326
Difference in revaluation of land and buildings	233,425,547	23,342,554	233,425,547	23,342,554
Difference in revaluation of machinery, plant and equipments	543,527,147	108,705,429	543,527,147	108,705,429
Unearned interests on payables	3,238,755	744,914	3,506,047	701,210
Adjustments related to financial debts	70,594	16,237	1,851,045	370,209
Investment property increase in value	13,855,794	1,385,579	13,855,794	1,385,579
Effect of other corrections	914,420	210,317	2,635,041	527,011
Deferred tax liabilities		142,472,518		144,390,318
Deferred tax assets / (liabilities), net		(68,841,269)		(81,610,705)

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

For the period ended at 31 March 2021 and 2020 movements of deferred tax assets and liabilities are as follows:

	01.01.- 31.03.2021	01.01.- 31.03.2020
Current corporation tax	(708,301)	(450,379)
Deferred tax assets/(liabilities), net	12,286,062	15,241,844
	11,577,761	14,791,465

Deferred Tax (Asset) / Liability Movements

	01.01.- 31.03.2021	01.01.- 31.12.2020
Opening balance	(81,610,705)	32,480,154
Deferred tax income / (expense)	12,286,062	19,885,926
Gain on revaluation of properties	-	(132,617,970)
Actuarial (gain) / loss effect prior periods	483,374	(1,358,815)
Closing balance	(68,841,269)	(81,610,705)

NOTE 30 – EARNINGS PER SHARE

	01.01.- 31.03.2021	01.01.- 31.03.2020
Net profit / (loss) for the period	(63,983,693)	(73,262,119)
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000
Simple earnings and divided earnings per share (TRY)	(0.2559)	(0.2930)

NOTE 31 – FINANCIAL INSTRUMENTS

Financial assets	31.03.2021	31.12.2020
Liquid assets	57,739,342	47,437,939
Trade receivables	261,831,281	290,476,101
Other receivables	137,149,527	139,338,712
Financial liabilities		
Financial borrowings	1,460,349,350	1,419,572,458
Lease payables	28,581,455	30,391,059
Other payables	10,460,725	11,424,477
Trade payables	240,889,660	232,073,338

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

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

Financial Instruments

Credit Risk

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

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

	Trade Receivables		Other Receivables		Bank
	Related Party	Third Party	Related Party	Third Party	Deposits
31 March 2021					
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	124,889,055	136,942,226	129,905,613	7,243,914	57,579,604
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	95,009,892	136,942,226	129,905,613	7,243,914	57,579,604
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not	29,879,163	-	-	-	-
The part under guarantee with collateral etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	425,842	-	-	-
Impairment (-)	-	(425,842)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-
31 December 2020					
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	146,771,852	143,704,249	128,646,738	10,691,974	47,318,962
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	81,237,228	143,704,249	128,646,738	10,691,974	47,318,962
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not	65,534,624	-	-	-	-
The part under guarantee with collateral etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	425,842	-	-	-
Impairment (-)	-	(425,842)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Liquidity risk

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

As of 31 March 2021, Group's liquidity risk table is as follows:

Maturities according to agreement	Book Value	Contractual total cash outflow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial Liabilities Non Derivatives	1,792,544,726	1,918,464,728	375,492,841	633,775,688	683,716,365	225,479,834
Financial borrowings	1,460,192,484	1,573,172,000	183,191,785	507,348,643	657,151,738	225,479,834
Financial leasing	28,581,455	38,283,187	3,589,627	8,128,933	26,564,627	-
Trade payables	240,889,660	244,128,414	148,916,183	95,212,231	-	-
- Related parties	889,758	899,850	899,850	-	-	-
- Other parties	239,999,902	243,228,564	148,016,333	95,212,231	-	-
Other liabilities	62,881,127	62,881,127	39,795,246	23,085,881	-	-
- Related parties	6,123,547	6,123,547	-	6,123,547	-	-
- Other parties	56,757,580	56,757,580	39,795,246	16,962,334	-	-
	1,792,544,726	1,918,464,728	375,492,841	633,775,688	683,716,365	225,479,834

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Foreign currency risk

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

As of 31 March 2021, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 121,768,844 more/less. (%20 evaluation/devaluation :TRY 243,537,688).

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 10% against USD				
1- USD net asset / liability	(23,171,905)	23,171,905	(23,171,905)	23,171,905
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(23,171,905)	23,171,905	(23,171,905)	23,171,905
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(100,784,227)	100,784,227	(100,784,227)	100,784,227
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(100,784,227)	100,784,227	(100,784,227)	100,784,227
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	2,187,287	(2,187,287)	2,187,287	(2,187,287)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	2,187,287	(2,187,287)	2,187,287	(2,187,287)
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	-	-	-	-
11- Part of hedged from CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	-	-	-	-
TOTAL (3+6+9+12)	(121,768,844)	121,768,844	(121,768,844)	121,768,844

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

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

Foreign currency risk sensitivity

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Interest Rate Risk

The Group's financial liabilities exposure the Group to interest rate risk. The Group's financial liabilities mainly consist of fixed rate borrowings. As of 31 March 2021, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group's net profit will increase / decrease TRY 2,863,890

Risk of intensification of sales

During the reporting periods ending on 31 March 2021 and 2020, the risk of intensification of the Group's sales is due to sales from textile and agriculture sector operations.

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. Even so, as of 31 March 2021, the share of the largest buyer in the revenue from textile sector operations is 45.56% (31 March 2020: 60.74%). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 86.57%. (31 March 2020: 98.85%) Domestic sales of dried fruits (grape, fig and apricot) produced by Menderes as subcontractors are made in accordance with the "Sales Agreement" signed between Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş., the related party of the Group and Osman Akça exports these products to different customers abroad.

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

Textile:

Customer	01.01.- 31.03.2021	01.01.- 31.03.2020
A Company	45.56%	60.74%
	45.56%	60.74%

Agriculture:

Customer	01.01.- 31.03.2021	01.01.- 31.03.2020
B Company	86.57%	98.85%
	86.57%	98.85%

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

As of 31 March 2021, amounts of assets and liabilities of the Group in foreign currency are as follows:

31 March 2021	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	176,383,398	11,499,042	6,212,116	1,755,315	-
2a. Monetary Financial Assets (including cash and banks)	58,458,776	3,779,272	1,992,630	661,516	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	125	15	-	-	-
4. Current Assets (1+2+3)	234,842,299	15,278,329	8,204,746	2,416,831	-
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)	234,842,299	15,278,329	8,204,746	2,416,831	-
10. Trade Payables	126,637,433	14,454,874	600,962	-	-
11. Financial Liabilities	581,343,950	8,721,364	51,881,004	-	-
12a. Other monetary financial liabilities	255,005	-	26,018	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	708,236,388	23,176,238	52,507,984	-	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	741,042,514	20,080,628	58,493,536	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	741,042,514	20,080,628	58,493,536	-	-
18. Total Liabilities	1,449,278,902	43,256,866	111,001,520	-	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	(3,251,840)	303,750	-	(500,000)	-
19a. Off-balance sheet foreign currency derivative assets	7,519,200	903,750	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	10,771,040	600,000	-	500,000	-
20. Net foreign currency asset / liabilities (9-18+19)	(1,217,688,444)	(27,674,787)	(102,796,774)	1,916,831	-
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1,214,436,729)	(27,978,552)	(102,796,774)	2,416,831	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports(*)	191,813,600	156,283	7,909,922	1,620,920	-
24. Imports(**)	102,840,279	13,456,264	328,597	103	17,200

(*) The Group has TRY 103,423,807 export for the period of 01.01.-31.03.2021

(**) The Group doesnt have any import for the period of 01.01.-31.03.2021.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

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

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

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

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

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

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

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

Financial Assets

Monetary assets for which fair value approximates carrying value:

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

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

Capital Risk Management

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

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

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

	31.03.2021	31.12.2020
Total debts	2,007,985,721	1,954,558,666
Liquid assets	(57,739,342)	(47,437,939)
Net debt	1,950,246,379	1,907,120,727
Total equity	655,229,791	720,602,145
Total capital	2,605,476,170	2,627,722,872
Net Debt/Total Capital	75%	73%

Fair Value Estimate

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

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

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

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

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

31.03.2021	Level 1	Level 2	Level 3	Total
Assets				
Land	-	83,849,800	-	83,849,800
Buildings	-	227,852,315	-	227,852,315
Property, plant and equipment	-	961,998,915	-	961,998,915
Derivative instruments	-	247,220	-	247,220
Liabilities				
Derivative instruments	-	336,060	-	336,060
31.12.2020	Level 1	Level 2	Level 3	Total
Land	-	83,849,800	-	83,849,800
Buildings	-	228,897,800	-	228,897,800
Property, plant and equipment	-	983,741,171	-	983,741,171
Derivative instruments	-	78,173	-	78,173

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2021

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

As of 31 March 2021, the classes and fair values of financial instruments are as follows:

31.03.2021	Financial assets and liabilities at amortized value	Financial assets whose fair value differences are reflected in the income statement	Book value	Note
Financial assets				
Cash and cash equivalents	57,739,342	-	57,739,342	4
Trade receivables	261,831,281	-	261,831,281	6
Other receivables	137,149,527	-	137,149,527	8
Financial liabilities				
Financial borrowings	1,488,930,805	-	1,488,930,805	7
Trade payables	240,889,660	-	240,889,660	6
Other payables	10,460,725	-	10,460,725	8

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

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

NOTE 34 – SUBSEQUENT EVENTS

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