

**MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS  
AND AUDITORS' REVIEW REPORT  
FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2019**

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## REVIEW REPORT RELATED TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi  
Board of Management

### *Introduction*

1. We have reviewed the accompanying condensed consolidated financial statements of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (the Company) and its subsidiaries (the "Group") as of 30 June 2019, which comprise the statement of consolidated financial position and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows with the summary of the important accounting policies and other explanatory notes for the six-month-period then ended. The management of the Company is responsible for the preparation and fair presentation of these interim financial information in accordance with Turkish Accounting Standards. Our responsibility is to express a conclusion on these interim financial information based on our review.

### *Scope of Review*

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

### *Opinion*

3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi as of 30 June 2019, and of its financial performance and its cash flows for the six months then ended in accordance with the financial reporting standards endorsed by the Turkish Accounting Standards.

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

Dr. Ali YURÜDÜ  
Partner

Istanbul, 9 August 2019

# MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2019

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

		<i>Reviewed</i>	<i>Audited</i>
	<b>Footnote</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>ASSETS</b>	<b>References</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>Current Assets</b>		<b>734,416,367</b>	<b>623,370,937</b>
Cash and Cash Equivalents	4	6,520,071	30,662,280
Financial Investments	5	-	705,432
<i>Time deposit</i>	5	-	705,432
Trade Receivables		131,203,836	157,251,225
<i>Trade Receivables from Related Parties</i>	6-7	36,420,560	49,486,060
<i>Trade Receivables from Third Parties</i>	7	94,783,276	107,765,165
Other Receivables		14,328,829	8,385,846
<i>Other Receivables from Related Parties</i>	6-9	7,075,010	2,746,157
<i>Other Receivables from Third Parties</i>	9	7,253,819	5,639,689
Derivative Financial Instruments	10	358,514	7,400
<i>Derivative Financial Instruments for Trading</i>	10	358,514	7,400
Inventories	11	483,121,607	342,597,916
Biological Assets	12	535,724	3,047,901
Prepaid Expenses	13	10,881,050	7,605,012
<i>Prepaid Expenses from Third Parties</i>	13	10,881,050	7,605,012
Current Tax Assets	14	171,704	507,116
Other Current Assets	23	87,295,032	72,600,809
<i>Other Current Assets from Third Parties</i>	23	87,295,032	72,600,809
<b>Non-Current Assets</b>		<b>716,440,291</b>	<b>712,640,187</b>
Financial Investments	5	-	5,962,871
Other Receivables		14,721	187,210
<i>Other Receivables from Third Parties</i>	9	14,721	187,210
Investments Valued by Equity Pick-up Method	15	157,147,079	166,386,966
Investment Properties	16	60,510,000	60,500,000
Tangible Assets	17	428,233,911	428,973,447
Right of Use Assets	18	1,831,995	-
Intangible Assets	19	8,114,279	6,369,506
Prepaid Expenses	13	19,709,934	6,142,314
<i>Prepaid Expenses to Third Parties</i>	13	19,709,934	6,142,314
Deferred Tax Assets	30	40,878,372	38,117,873
<b>TOTAL ASSETS</b>		<b>1,450,856,658</b>	<b>1,336,011,124</b>

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**

**CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2019**

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

		<i>Reviewed</i>	<i>Audited</i>
	<b>Footnote</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>LIABILITIES</b>	<b>References</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>Current Liabilities</b>		<b>826,384,826</b>	<b>655,482,451</b>
Financial Borrowings	8	445,041,589	318,096,151
<i>Financial Borrowings to Third Parties</i>		<i>445,041,589</i>	<i>318,096,151</i>
- Banks Loans	8	445,041,589	318,096,151
Current Installments of Long Term Financial Borrowings	8	137,217,766	129,548,095
<i>Current Installments of Long Term Financial Borrowings to Third Parties</i>		<i>137,217,766</i>	<i>129,548,095</i>
- Banks Loans		133,592,425	126,895,872
- Leasing Payables		2,749,086	2,652,223
- Other Current Installments of Long Term Financial Borrowings		876,255	-
Trade Payables		212,931,162	175,216,695
<i>Trade Payables to Related Parties</i>	6-7	<i>107,753</i>	<i>6,741,396</i>
<i>Trade Payables to Third Parties</i>	7	<i>212,823,409</i>	<i>168,475,299</i>
Employee Benefit Liabilities	22	19,359,654	16,307,751
Other Payables		2,138,647	7,608,981
<i>Other Payables to Related Parties</i>	6-9	<i>92,078</i>	<i>122,618</i>
<i>Other Payables to Third Parties</i>	9	<i>2,046,569</i>	<i>7,486,363</i>
Derivative Financial Instruments	10	564,210	44,900
<i>Derivative Financial Instruments for Trading</i>	10	<i>564,210</i>	<i>44,900</i>
Deferred Income	13	2,372,588	3,848,745
<i>Deferred Income from Third Parties</i>	13	<i>2,372,588</i>	<i>3,848,745</i>
Current Tax Liabilities of Period Profit	30	340,646	356,393
Current Provisions		6,418,564	4,454,740
<i>Provision for employee benefits</i>	21	<i>6,090,518</i>	<i>3,897,322</i>
<i>Other current provisions</i>	21	<i>328,046</i>	<i>557,418</i>
<b>Non-Current Liabilities</b>		<b>422,234,337</b>	<b>432,944,489</b>
Long Term Borrowings	8	377,643,965	393,782,034
<i>Long Term Borrowings to Third Parties</i>		<i>377,643,965</i>	<i>393,782,034</i>
- Bank Loans	8	373,042,679	389,292,689
- Leasing Payables		3,607,495	4,489,345
- Other Long Term Borrowings		993,791	-
Long Term Provisions		41,441,972	35,840,240
<i>Long Term Provisions for Employee Benefits</i>	21	<i>41,441,972</i>	<i>35,840,240</i>
Deferred Tax Liabilities	30	3,148,400	3,322,215
<b>Equity</b>		<b>202,237,495</b>	<b>247,584,184</b>
<b>Parent Company's Equity</b>		<b>216,868,842</b>	<b>258,310,288</b>
Paid in Capital	24.1	250,000,000	250,000,000
Inflationary Adjustments of Shareholder's Equity	24.2	485,133	485,133
Effect of mergers involving undertakings or businesses subject to common control	3	(25,567,435)	(25,567,435)
Accumulated Other Comprehensive Income or Expenses not to be Reclassified on Profit or Loss			
<i>Defined Benefit Plans Re-Measurement Gains / (Losses)</i>	24.3	<i>(559,907)</i>	<i>239,108</i>
Restricted Reserves	24.4	10,460,462	10,209,777
<i>Legal Reserves</i>	24.4	<i>10,460,462</i>	<i>10,209,777</i>
Retained Earnings / Losses	24.5	22,675,456	95,896,998
Net Profit / (Loss) for the Period		(40,624,867)	(72,953,293)
<b>Minority Interests</b>	24.6	<b>(14,631,347)</b>	<b>(10,726,104)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,450,856,658</b>	<b>1,336,011,124</b>

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME STATEMENT**  
**FOR THE PERIOD OF 1 JANUARY-30 JUNE 2019 AND 2018**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Rewieved</i> <b>Current Period</b> <b>01.01-30.06.2019</b>	<i>Rewieved</i> <b>Prior Period</b> <b>01.01-30.06.2018</b>	<i>Unrewieved</i> <b>Prior Period</b> <b>01.04-30.06.2019</b>	<i>Unrewieved</i> <b>Prior Period</b> <b>01.04-30.06.2018</b>
	<b>Footnote References</b>				
Revenue	25.1	561,781,628	383,258,933	313,886,347	210,053,787
Cost of Sales (-)	25.2	(488,276,247)	(331,250,693)	(279,160,770)	(176,506,553)
<b>Gross Profit / (Loss)</b>		<b>73,505,381</b>	<b>52,008,240</b>	<b>34,725,577</b>	<b>33,547,234</b>
General Administrative Expenses (-)	26.3	(11,465,969)	(12,192,472)	(4,413,508)	(6,834,008)
Marketing Expenses (-)	26.2	(13,814,568)	(13,221,775)	(6,748,166)	(7,697,203)
Research and Development Expenses (-)	26.1	(5,830,698)	(1,868,976)	(5,569,694)	(1,430,081)
Other Operating Income	27.1	20,339,157	17,378,353	8,300,453	6,287,653
Other Operating Expenses (-)	27.2	(19,709,332)	(17,538,291)	(10,429,846)	(12,329,074)
<b>Operating Profit / (Loss)</b>		<b>43,023,971</b>	<b>24,565,079</b>	<b>15,864,816</b>	<b>11,544,521</b>
Income from Investment Activities	28.1	2,185,812	-	2,185,636	-
Expenses from Investment Activities (-)	28.2	(700,214)	-	(688,830)	-
Shares of Profit/(Loss) from Investments					
Valued by Equity Pick-up Method	28.3	2,280,113	20,743,124	1,100,517	15,843,388
<b>Operating Activity Profit/(Loss) Before Financial Expense</b>		<b>46,789,682</b>	<b>45,308,203</b>	<b>18,462,139</b>	<b>27,387,909</b>
Financial Income	29.1	6,726,125	5,922,464	3,394,952	3,878,881
Financial Expenses (-)	29.2	(100,433,155)	(130,873,182)	(44,347,564)	(82,035,351)
<b>Operating Activity Profit/(Loss) Before Taxation</b>		<b>(46,917,348)</b>	<b>(79,642,515)</b>	<b>(22,490,473)</b>	<b>(50,768,561)</b>
<b>Operating Activity Tax Income/(Expense)</b>					
Current Tax Income/(Expense)	30	(340,646)	(441,287)	(340,646)	(233,474)
Deferred Tax Income/(Expense)	30	2,733,225	21,003,130	103,667	15,097,944
<b>Current Period Operating Activity Profit / (Loss)</b>		<b>(44,524,769)</b>	<b>(59,080,672)</b>	<b>(22,727,452)</b>	<b>(35,904,091)</b>
<b>Profit/(Loss) for the Period</b>		<b>(44,524,769)</b>	<b>(59,080,672)</b>	<b>(22,727,452)</b>	<b>(35,904,091)</b>
<b>Distribution of the Period Income/(Loss)</b>					
Minority Interests	24.6	(3,899,902)	(7,005,146)	(1,408,931)	(4,833,653)
Parent Company's Shares		(40,624,867)	(52,075,526)	(21,318,521)	(31,070,438)
<b>Earnings Per Share</b>	<b>31</b>	<b>(0.1625)</b>	<b>(0.2083)</b>	<b>(0.0853)</b>	<b>(0.1243)</b>
<b>Other Comprehensive Income:</b>					
<b>Income (Expenses) not to be Reclassified on Profit or (Loss)</b>					
- Defined Benefit Plans Re-Measurement Gains (Losses)		(1,005,445)	(700,808)	(1,172,302)	(884,401)
-Deferred Tax Income / (Expense)		201,089	140,162	234,460	176,694
<b>Other Comprehensive Income</b>		<b>(804,356)</b>	<b>(560,646)</b>	<b>(937,842)</b>	<b>(707,707)</b>
<b>Total Comprehensive Income/(Expense)</b>		<b>(45,329,125)</b>	<b>(59,641,318)</b>	<b>(23,665,294)</b>	<b>(36,611,798)</b>
<b>Distribution of Total Comprehensive Income</b>					
Minority Interests		(3,905,243)	(6,992,436)	(1,416,919)	(4,825,592)
Parent Company's Shares		(41,423,882)	(52,648,882)	(22,248,375)	(31,786,206)

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**

**STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS OF 1 JANUARY – 30 JUNE 2019 AND 2018**

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

					Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		Accumulated profits				
	Footnote References	Paid in Capital	Adjustments of Shareholders' Equity	Effect of Mergers Involving Undertakings or Businesses Subject to Common Control	Defined Benefit Plans Re-Measurement Gains (Losses)	Restricted Reserves	Accumulated Profit/Loss	Net Profit/Loss For The Period	Parent Company's Equity	Minority Interests	Total Equity
<b>Balances at 01.01.2018</b>	<b>24</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>878,779</b>	<b>10,209,777</b>	<b>41,407,192</b>	<b>54,489,806</b>	<b>331,903,252</b>	<b>(952,768)</b>	<b>330,950,484</b>
Transfers	24	-	-	-	-	-	54,489,806	(54,489,806)	-	-	-
Capital Increase		-	-	-	-	-	-	-	-	2,528,000	2,528,000
<b>Total Comprehensive Income/(Loss)</b>		-	-	-	<b>(573,356)</b>	-	-	<b>(52,075,526)</b>	<b>(52,648,882)</b>	<b>(6,992,436)</b>	<b>(59,641,318)</b>
- Profit/(Loss) for the Period	24	-	-	-	-	-	-	(52,075,526)	(52,075,526)	(7,005,146)	(59,080,672)
- Other Comprehensive Income/(Expense)	24	-	-	-	(573,356)	-	-	-	(573,356)	12,710	(560,646)
<b>Balances at 30.06.2018</b>	<b>24</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>305,423</b>	<b>10,209,777</b>	<b>95,896,998</b>	<b>(52,075,526)</b>	<b>279,254,370</b>	<b>(5,417,204)</b>	<b>273,837,166</b>
<b>Balances at 01.01.2019</b>	<b>24</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>239,108</b>	<b>10,209,777</b>	<b>95,896,998</b>	<b>(72,953,293)</b>	<b>258,310,288</b>	<b>(10,726,104)</b>	<b>247,584,184</b>
<b>Impact of accounting policy change</b>		-	-	-	-	-	(17,564)	-	(17,564)	-	(17,564)
<b>Balances at 01.01.2019</b>	<b>24</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>239,108</b>	<b>10,209,777</b>	<b>95,879,434</b>	<b>(72,953,293)</b>	<b>258,292,724</b>	<b>(10,726,104)</b>	<b>247,566,620</b>
Transfers	24	-	-	-	-	250,685	(73,203,978)	72,953,293	-	-	-
<b>Total Comprehensive Income/(Loss)</b>		-	-	-	<b>(799,015)</b>	-	-	<b>(40,624,867)</b>	<b>(41,423,882)</b>	<b>(3,905,243)</b>	<b>(45,329,125)</b>
- Profit/(Loss) for the Period	24	-	-	-	-	-	-	(40,624,867)	(40,624,867)	(3,899,902)	(44,524,769)
- Other Comprehensive Income/(Expense)	24	-	-	-	(799,015)	-	-	-	(799,015)	(5,341)	(804,356)
<b>Balances at 30.06.2019</b>	<b>24</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>(559,907)</b>	<b>10,460,462</b>	<b>22,675,456</b>	<b>(40,624,867)</b>	<b>216,868,842</b>	<b>(14,631,347)</b>	<b>202,237,495</b>

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIODS OF 30 JUNE 2019 AND 2018**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Rewieved</i> Current Period <b>01.01- 30.06.2019</b>	<i>Rewieved</i> Prior Period <b>01.01- 30.06.2018</b>
Footnote References			
<b>CASH FLOWS FROM THE OPERATING ACTIVITIES</b>		<b>(74,912,402)</b>	<b>(119,730,321)</b>
<b>Profit/(Loss) for the Period</b>			
<b>Current Period Operating Activity Profit / (Loss)</b>		<b>(44,524,769)</b>	<b>(59,080,672)</b>
<b>Adjustments Related with Net Profit/Loss for The Period</b>		<b>77,739,430</b>	<b>(16,910,968)</b>
Adjustments for depreciation, amortisation expenses	17-18-19	15,880,065	12,982,465
Adjustments related to the provisions			
- Adjustments for employee termination benefits	21-26.2-26.3	4,797,376	5,369,867
- Adjustment for provision for expenses and lawsuits	21	(229,372)	68,884
- Adjustment for other provisions or reversals	21	2,193,196	2,333,231
Adjustments for interest income and expense			
- Adjustments for interest income			
- Adjustments for interest expenses	8-30	4,287,262	5,191,316
- Unearned income from futures sale	27.1	4,229,259	2,545,531
- Deferred financial expense arise from forward purchasing	27.2	(4,566,848)	(2,518,144)
Adjustments for fair value income or loss			
- Adjustments for financial instruments fair value losses /(profits)	10-29	168,196	(997,702)
Adjustment for unrealized currency translation differences		56,194,723	
Adjustments for retained earnings of investments subject to equity pick-up method			
- Adjustment for retained earnings of subsidiaries	15	(2,280,113)	(20,743,124)
Tax payments/returns	30	(2,934,314)	(21,143,292)
<b>Changes in the Company Capital</b>		<b>(108,111,316)</b>	<b>(39,943,103)</b>
Adjustments for increase/decrease in financial assets	5	6,668,303	-
Adjustments for increase/decrease in trade receivables			
- Adjustments for increase/decrease in trade receivables from related parties	6-7	13,065,500	(6,654,903)
- Adjustments for increase/decrease in trade receivables from third parties	7	8,752,630	(37,182,617)
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		(4,328,853)	33,406,592
- Adjustments for increase/decrease in other receivables from third parties related to the operations	9-14-23	(15,800,452)	23,785,450
Adjustments for increase/decrease in inventories	11	(140,523,691)	(64,628,686)
Adjustments related to the increase/decrease in biological assets	12	2,512,177	3,648,472
Adjustments for increase/decrease in prepaid expenses	13	(16,843,658)	(133,437)
Adjustments for increase/decrease in trade payables			
- Adjustments for increase/decrease in trade payables to related parties	6-7	(6,633,643)	(47,856)
- Adjustments for increase/decrease in trade payables to third parties	7	48,914,958	6,770,706
Increase/decrease in employee benefits liabilities	22	3,051,903	822,024
Adjustments for increase/decrease in other payables related to the operations			
- Adjustments for increase/decrease in other payables from related parties related to the operations	6-9	(30,540)	3,961,464
- Adjustments for increase/decrease in other payables from third parties related to the operations	9	(5,439,793)	412,608
Increase/decrease in deferred tax	13	(1,476,157)	(4,102,920)
<b>Cash Flow from Operating Activities</b>		<b>(74,896,655)</b>	<b>(115,934,743)</b>
Tax payments/returns	30	(15,747)	(3,795,578)

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



**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIODS OF 30 JUNE 2019 AND 2018**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Reviewed</i> Current Period 01.01- 30.06.2019	<i>Reviewed</i> Prior Period 01.01- 30.06.2018
	Footnote References		
<b>NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES</b>		<b>(4,912,108)</b>	<b>(71,880,491)</b>
Proceeds from sale of property, plant, equipment and intangible assets			
- Proceeds from sale of tangible assets	17-19	8,987,541	-
Proceeds from purchase of property, plant, equipment and intangible assets			
- Proceeds from purchase of tangible assets	17-19	(23,188,732)	(62,568,121)
- Proceeds from purchase of intangible assets	17-19	(2,220,917)	(2,368,921)
Cash outflows from purchase of investment property		(10,000)	(6,943,449)
Dividends Received	30	11,520,000	-
<b>CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES</b>		<b>55,682,301</b>	<b>156,556,866</b>
Cash inflows from share and other equity instrument issuance			
- Cash inflows from share issuance		-	2,528,000
Cash inflows from financial liabilities			
- Cash inflows from bank loans		410,634,010	328,349,947
Cash outflows from financial liabilities			
- Cash outflows for bank loans		(353,724,014)	(172,445,598)
- Cash outflows from other financial liabilities		(442,708)	(1,875,483)
Cash outflows from finance leases	8	(784,987)	-
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN EXCHANGE CURRENCY DIFFERENCES (A+B+C)</b>		<b>(24,142,209)</b>	<b>(35,053,946)</b>
<b>D. EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVELENT</b>		<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE</b>		<b>(24,142,209)</b>	<b>(35,053,946)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD</b>	<b>4</b>	<b>30,662,280</b>	<b>37,228,665</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4</b>	<b>6,520,071</b>	<b>2,174,719</b>

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 JUNE 2019**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

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

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

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

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

- Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

**Menderes Tekstil Sanayi ve Ticaret A.Ş.**

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

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

As of 30 June 2019, 4,183 personnel are employed by the Company and average number of personnel is 4,004 for the period of 01.01-30.06.2019.

Company shares are traded in the Borsa İstanbul since 2000.

**Production Capacity (Textile)**

According to the capacity report from Denizli Industrial Chamber dated 28 May 2018, numbered 250 and valid until 31 May 2020, the Company annual production capacity is as follows: (Companies production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts in a day):

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

**Production Capacity (Energy)**

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

	<b>Unit</b>	<b>Quantity</b>
Electricity energy	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**  
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**Smyrna Seracılık Ticaret A.Ş.**

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

Smyrna Seracılık Ticaret A.Ş. has operated on the existing area which is 204,272\_m<sup>2</sup>.

*Capacity Report 1 (Sarayköy)*

According to the capacity report from Denizli Industrial Chamber dated 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

*Capacity Report 2 (Pamukkale)*

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

Product	Unit	Quantity
Tomato	Ton	264
Pepper	Ton	96

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

As of 30 June 2019, 241 personnel are employed by the Company and the average number of personnel is 239 for the period of 01.01-30.06.2019.

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

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

As of 30 June 2019, 35 personnel are employed by the Company and the average number of personnel is 35 for the period of 01.01-30.06.2019.

**Tan Elektrik Üretim A.Ş.**

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

As of 30 June 2019, 8 personnel are employed by the Company and the average number of personnel is 8 for the period of 01.01-30.06.2019.

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

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.a. Basis of Presentation**

**Compliance Statement**

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

**The Preparation of Financial Statements**

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

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

The entities are able to prepare the full interim financial statements in full set or summary in accordance with TAS 34 Interim Financial Reporting Standards. In this framework, the Company has preferred to prepare a full set of financial statements in the interim period.

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 09 August 2019. Boards of Directors have authority to change financial statements.

**Currency Measurement and Reporting Currency**

As of 30 June 2019 and 31 December 2018, Group’s functional and reporting currency unit is represented in TRY compared to previous periods.

**Rounding of amounts presented in financial statements**

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

**Going Concern**

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**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.

**Basis of Consolidation**

The capital structure of subsidiaries and participations are as follows:

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

  

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

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

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

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

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 30 June 2019 and 31 December 2018, the capital structure of subsidiaries and participations are as follows:

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

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Public Offered Shares	46.88	46.88
Akça Holding A.Ş.	50.73	50.73
Other	2.39	2.39
	<b>100%</b>	<b>100%</b>

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

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	28.51	28.51
Rıza Akça	33.15	33.15
Dilek Göksan	16.58	16.58
Ahmet Bilge Göksan	16.58	16.58
Menderes Tekstil Pazarlama A.Ş.	3.10	3.10
Erbil Akça	2.09	2.09
	<b>100%</b>	<b>100%</b>

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.17	79.17
Rıza Akça	10.31	10.31
Ahmet Bilge Göksan	5.16	5.16
Dilek Göksan	5.16	5.16
Other	0.20	0.20
	<b>100%</b>	<b>100%</b>

Tan Elektrik Üretim A.Ş. (Subsidiary)

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	66.00	66.00
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	28.00	28.00
Smyrna Seracılık A.Ş.	2.40	2.40
Akça Holding A.Ş.	2.00	2.00
Other	1.60	1.60
	<b>100%</b>	<b>100%</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**Akça Enerji Üretim Otoprodüktör Grubu A.Ş. (Subsidiary)**

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	68.00	68.00
Tan Elektrik Üretim A.Ş.	18.29	18.29
Akça Holding A.Ş.	7.01	7.01
Osman Akça Tarım Ürün. İth. İhr. San. ve Tic. A.Ş.	4.29	4.29
Selin Tekstil Sanayi Ticaret A.Ş.	2.22	2.22
Akçasaraylı Tekstil Ltd. Şti.	0.19	0.19
	<b>%100</b>	<b>%100</b>

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

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Zeybekçi Holding A.Ş.	50.00	50.00
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.00	48.00
Akça Holding A.Ş.	2.00	2.00
	<b>%100</b>	<b>%100</b>

**2.b. Changes in Accounting Policies**

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

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

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

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

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January-30 June 2019 are consistent with those applied in the preparation of the consolidated financial statements as of 30 June 2019, except for the new TFRS 16 Leases standard, which are started to be valid as of 1 January 2019.

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

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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**2.c. Changes in Accounting Estimates and Errors**

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

**2.d. Comparative Information and Previous Periods Adjustments**

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

The Group has presented the financial statements dated 30 June 2019 with financial statements dated 31 December 2018, the profit or loss and other comprehensive income statement, cash flow statement and the statement of changes in equity for the period of 01 January – 30 June 2019 with 01 January – 30 June 2018 comparatively

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

The accounting policies adopted in preparation of the consolidated financial statements as at June 30,2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1,2019.The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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

**TFRS 16- Leases**

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

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

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



**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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***Transition to TFRS 16:***

The Group adopted TFRS 16 using the modified retrospective approach

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

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

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

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

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

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

**IFRIC 23 Uncertainty over Income Tax Treatments**

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

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

**Annual Improvements – 2015–2017 Cycle**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**a) As of 30 June 2019 Standards issued but not yet effective and not early adopted:**

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

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

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

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
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**IFRS 17 - The new Standard for Insurance Contracts**

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

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

**b) As of 30 June 2019 The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA):**

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

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

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

The amendments:

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

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

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

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

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

## **2.f. Summary of Significant Accounting Policy**

### **Revenue Recognition**

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

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

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

The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

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

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

### **Interest Income**

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

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

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

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**Inventories**

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

**Biological Assets**

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

**Tangible Assets**

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

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

Economic useful lives of assets approximately are as follows:

	<u>Year</u>
Land improvements	10-40
Buildings	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.

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### **Investment Properties**

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

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

### **Impairment of Assets**

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

### **Right-of-Use Assets**

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

The cost of right-of-use asset includes:

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

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

Right-of-use assets are subject to impairment.

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### **Lease Liabilities**

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

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

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

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

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

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

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

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

### **Short – term leases and leases of low-value assets**

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

### **Borrowing costs**

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

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

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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.

## **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.



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“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.

***Impairment***

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

Provision for loss measured as below;

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

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

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

**Trade Receivables**

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

Group has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

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

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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.

#### **Financial liabilities**

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

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

#### ***Equity instruments***

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

#### ***Other financial liabilities***

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

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

#### **Trade payables**

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

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**The Effects of Exchange Rates**

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

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

	30.06.2019	31.12.2018
USD	5.7551	5.2609
EUR	6.5507	6.0280
GBP	7.2855	6.6528
CHF	5.8894	5.3352

**Effects of Change in Currency Rate**

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

**Earnings per Share / (Loss)**

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

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

**Investments Subject to Equity Pick-up Method**

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

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**Employee Benefits / Severance Pay**

- **Provision for severance pay**

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 30 June 2019, such payments are calculated on the basis of 30 days’ pay limited to a maximum of TRY 6,017 (31 December 2018: TRY 5,434) per year of employment at the rate of pay applicable at the date of retirement.

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

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

	30.06.2019	31.12.2018
Interest rate	% 19.50	% 23.44
Inflation rate	% 11.70	% 15.90
Discount rate	% 6.98	% 6.51

**Employee Benefits / Severance Pay**

- **Social Insurance Premium**

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

**Taxes**

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

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**Provisions, Conditional Liabilities and Conditional Assets**

Provisions

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

Conditional liabilities and conditional assets

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

**Derivative Financial Instruments and Instruments to Protect from Risk**

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

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

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

**Statement of Cash Flow**

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

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

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

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

**Subsequent Events**

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

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**Related Parties**

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

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

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

**Details of related parties are as follows:**

*Akça Holding A.Ş. “Akça Holding”*

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

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

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

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

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

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

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

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

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

Akçamen Tekstil Sanayi ve Ticaret A.Ş.

Selin Tekstil Sanayi ve Ticaret A.Ş.

Menderes Tekstil Pazarlama A.Ş.

Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.

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**2.g. Significant Accounting Estimates and Assumptions**

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

***Deferred Tax***

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

As of 30 June 2019, deferred tax asset is recognized for temporary losses on taxable temporary differences amounting to TRY 37,557,348 which can be foreseen on temporary differences arising from tax deductions and can be utilized in the period in which the tax deduction period can be utilized.

***Provision for severance pay***

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

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

***Deferred financing income / expense:***

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

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**Useful lives:**

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

***Provisions for litigation:***

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

***Investment property impairment:***

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

***Distinction of tangible assets and Investment properties:***

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

The used assumptions are indicated in the related accounting policies or footnotes.

**2.h. Segment Reporting**

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

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

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

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



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**2.i. Accounting of Business Mergers under Common Control**

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

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

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

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

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

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**NOT 3 – SEGMENT REPORTING**

30 June 2019	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	4,965,245	843,574	711,252	-	6,520,071
Trade Receivables	87,442,630	37,372,846	6,388,360	-	131,203,836
Other Receivables	22,861,262	473,989	10,480,324	(19,486,746)	14,328,829
Derivative Financial Instruments	358,514	-	-	-	358,514
Inventories	441,854,175	40,763,899	503,533	-	483,121,607
Biological Assets	-	535,724	-	-	535,724
Prepaid Expenses	6,027,895	548,489	4,304,666	-	10,881,050
Current Tax Assets	158,718	2,751	10,235	-	171,704
Other Current Assets	74,760,921	5,426,246	7,107,865	-	87,295,032
<b>Current Assets</b>	<b>638,429,360</b>	<b>85,967,518</b>	<b>29,506,235</b>	<b>(19,486,746)</b>	<b>734,416,367</b>
Financial Investments	82,180,000	1,142,000	12,800,010	(96,122,010)	-
Other Receivables	-	14,721	-	-	14,721
Investments Valued by Equity Pick-up Method	157,147,079	-	-	-	157,147,079
Investment Properties	60,510,000	-	-	-	60,510,000
Tangible Assets	160,923,773	18,123,986	249,186,152	-	428,233,911
Right of use assets	1,121,188	75,568	635,239	-	1,831,995
Intangible Assets	8,103,425	2,451	8,403	-	8,114,279
Prepaid Expenses	1,821,881	114,889	17,773,164	-	19,709,934
Deferred Tax Assets	25,061,751	725,024	20,327,095	(5,235,498)	40,878,372
<b>Non-Current Assets</b>	<b>496,869,097</b>	<b>20,198,639</b>	<b>300,730,063</b>	<b>(101,357,508)</b>	<b>716,440,291</b>
<b>TOTAL ASSETS</b>	<b>1,135,298,457</b>	<b>106,166,157</b>	<b>330,236,298</b>	<b>(120,844,254)</b>	<b>1,450,856,658</b>
<b>LIABILITIES</b>					
Financial Borrowings	441,593,452	3,448,137	-	-	445,041,589
Current Installments of Long Term Financial Borrowings	83,893,469	77,447	53,246,850	-	137,217,766
Trade Payables	133,756,236	68,753,541	10,421,385	-	212,931,162
Employee Benefits Liabilities	18,065,480	910,476	383,698	-	19,359,654
Other Payables	3,955,490	8,019,567	9,650,336	(19,486,746)	2,138,647
Derivative Financial Instruments	564,210	-	-	-	564,210
Deferred Income	330,629	369,645	1,672,314	-	2,372,588
Current Tax Liabilities of Period Profit	-	340,646	-	-	340,646
Current Provisions	5,779,863	239,734	398,967	-	6,418,564
<b>Current Liabilities</b>	<b>687,938,829</b>	<b>82,159,193</b>	<b>75,773,550</b>	<b>(19,486,746)</b>	<b>826,384,826</b>
Long Term Borrowings	86,077,434	6,572	291,559,959	-	377,643,965
Provisions For Long Term Employee Benefits	40,333,613	959,580	148,779	-	41,441,972
Deferred Tax Liabilities	1,984,814	672,409	5,726,675	(5,235,498)	3,148,400
<b>Non-Current Liabilities</b>	<b>128,395,861</b>	<b>1,638,561</b>	<b>297,435,413</b>	<b>(5,235,498)</b>	<b>422,234,337</b>
Paid in Capital	250,000,000	12,000,000	108,000,000	(120,000,000)	250,000,000
Inflationary Adjustments of Shareholders' Equity	485,133	-	-	-	485,133
Effect of Mergers Involving Undertakings or Businesses Subject to Common Control	-	-	-	(25,567,435)	(25,567,435)
Accumulated other comprehensive income / expense not to be reclassified on profit or loss	-	-	-	-	-
Defined Benefit Plans Re-Measurement Gains / (Losses)	(534,218)	(19,490)	(13,536)	7,337	(559,907)
Restricted Reserves	10,147,245	313,217	127,759	(127,759)	10,460,462
Retained Earnings / Losses	92,525,312	372,869	(130,520,017)	60,297,292	22,675,456
Net Profit / Loss for the Period	(33,659,705)	9,701,807	(20,566,871)	3,899,902	(40,624,867)
Minority Interest	-	-	-	(14,631,347)	(14,631,347)
<b>SHAREHOLDERS' EQUITY</b>	<b>318,963,767</b>	<b>22,368,403</b>	<b>(42,972,665)</b>	<b>(96,122,010)</b>	<b>202,237,495</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,135,298,457</b>	<b>106,166,157</b>	<b>330,236,298</b>	<b>(120,844,254)</b>	<b>1,450,856,658</b>

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31 December 2018	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	30,056,542	23,116	582,622	-	30,662,280
Financial Investments	-	-	705,432	-	705,432
Trade Receivables	96,803,342	55,265,340	5,182,543	-	157,251,225
Other Receivables	111,929,287	235,202	2,264,906	(106,043,549)	8,385,846
Derivative Financial Instruments	7,400	-	-	-	7,400
Inventories	278,730,274	63,162,684	704,958	-	342,597,916
Biological Assets	-	3,047,901	-	-	3,047,901
Prepaid Expenses	1,898,792	122,514	5,583,706	-	7,605,012
Current Tax Assets	61,558	441,287	4,271	-	507,116
Other Current Assets	56,400,272	5,106,423	11,094,114	-	72,600,809
<b>Current Assets</b>	<b>575,887,467</b>	<b>127,404,467</b>	<b>26,122,552</b>	<b>(106,043,549)</b>	<b>623,370,937</b>
Financial Investments	82,180,000	1,142,000	18,762,881	(96,122,010)	5,962,871
Other Receivables	54,859	15,682	116,669	-	187,210
Investments Valued by Equity Pick-up Method	166,386,966	-	-	-	166,386,966
Investment Properties	60,500,000	-	-	-	60,500,000
Tangible Assets	152,784,518	18,706,634	257,482,295	-	428,973,447
Intangible Assets	6,359,286	3,857	6,363	-	6,369,506
Prepaid Expenses	1,584,397	112,568	4,445,349	-	6,142,314
Deferred Tax Assets	22,597,459	656,676	19,321,563	(4,457,825)	38,117,873
<b>Non-Current Assets</b>	<b>492,447,485</b>	<b>20,637,417</b>	<b>300,135,120</b>	<b>(100,579,835)</b>	<b>712,640,187</b>
<b>TOTAL ASSETS</b>	<b>1,068,334,952</b>	<b>148,041,884</b>	<b>326,257,672</b>	<b>(206,623,384)</b>	<b>1,336,011,124</b>
<b>LIABILITIES</b>					
Financial Borrowings	314,667,597	3,428,554	-	-	318,096,151
Current Installments of Long Term Financial Borrowings	86,792,309	-	42,755,786	-	129,548,095
Trade Payables	150,145,300	17,077,534	7,993,861	-	175,216,695
Employee Benefits Liabilities	15,509,174	561,631	236,946	-	16,307,751
Other Payables	3,103,866	105,239,890	5,308,774	(106,043,549)	7,608,981
Derivative Financial Instruments	44,900	-	-	-	44,900
Deferred Income	1,208,817	225,932	2,413,996	-	3,848,745
Current Tax Liabilities of Period Profit	-	356,393	-	-	356,393
Current Provisions	4,011,803	148,729	294,208	-	4,454,740
<b>Current Liabilities</b>	<b>575,483,766</b>	<b>127,038,663</b>	<b>59,003,571</b>	<b>(106,043,549)</b>	<b>655,482,451</b>
Long Term Borrowings	109,587,898	-	284,194,136	-	393,782,034
Provisions For Long Term Employee Benefits	34,908,288	783,852	148,100	-	35,840,240
Deferred Tax Liabilities	1,794,780	670,046	5,315,214	(4,457,825)	3,322,215
<b>Non-Current Liabilities</b>	<b>146,290,966</b>	<b>1,453,898</b>	<b>289,657,450</b>	<b>(4,457,825)</b>	<b>432,944,489</b>
Paid in Capital	250,000,000	12,000,000	108,000,000	(120,000,000)	250,000,000
Inflationary Adjustments of Shareholders' Equity	485,133	-	-	-	485,133
Effect of Business Mergers Subject to Common Control	-	-	-	(25,567,435)	(25,567,435)
Accumulated other comprehensive income / expense not to be reclassified on profit or loss	-	-	-	-	-
Defined Benefit Plans Re-Measurement Gains / (Losses)	243,664	5,021	(11,573)	1,996	239,108
Restricted Reserves	10,147,245	62,532	127,759	(127,759)	10,209,777
Retained Earnings / Losses	123,209,623	(345,835)	(74,960,606)	47,993,816	95,896,998
Net Profit / Loss for the Period	(37,525,445)	7,827,605	(55,558,929)	12,303,476	(72,953,293)
Minority Interest	-	-	-	(10,726,104)	(10,726,104)
<b>SHAREHOLDERS' EQUITY</b>	<b>346,560,220</b>	<b>19,549,323</b>	<b>(22,403,349)</b>	<b>(96,122,010)</b>	<b>247,584,184</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,068,334,952</b>	<b>148,041,884</b>	<b>326,257,672</b>	<b>(206,623,384)</b>	<b>1,336,011,124</b>

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30 June 2019	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
Revenue	416,963,441	108,620,194	36,470,224	(272,231)	561,781,628
Cost of Sales (-)	(375,279,010)	(93,619,922)	(19,644,020)	266,705	(488,276,247)
<b>GROSS PROFIT/LOSS</b>	<b>41,684,431</b>	<b>15,000,272</b>	<b>16,826,204</b>	<b>(5,526)</b>	<b>73,505,381</b>
General Administrative Expenses (-)	(10,257,508)	(599,817)	(678,533)	69,889	(11,465,969)
Marketing Expenses (-)	(12,351,650)	(1,462,918)	-	-	(13,814,568)
Research and Development Expenses (-)	(5,830,698)	-	-	-	(5,830,698)
Other Operating Income	18,826,504	807,057	769,959	(64,363)	20,339,157
Other Operating Expenses (-)	(16,862,715)	(2,206,654)	(639,963)	-	(19,709,332)
<b>OPERATING PROFIT/LOSS</b>	<b>15,208,364</b>	<b>11,537,940</b>	<b>16,277,667</b>	<b>-</b>	<b>43,023,971</b>
Income from Investing Activities	-	-	2,185,812	-	2,185,812
Expense from Investing Activities(-)	(688,830)	-	(11,384)	-	(700,214)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	2,280,113	-	-	-	2,280,113
<b>OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES</b>	<b>16,799,647</b>	<b>11,537,940</b>	<b>18,452,095</b>	<b>-</b>	<b>46,789,682</b>
Financial Income (+)	7,652,065	125,669	715,871	(1,767,480)	6,726,125
Financial Expenses (-)	(60,191,205)	(1,681,013)	(40,328,417)	1,767,480	(100,433,155)
<b>OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION</b>	<b>(35,739,493)</b>	<b>9,982,596</b>	<b>(21,160,451)</b>	<b>-</b>	<b>(46,917,348)</b>
Operating Activity Tax Income / (Expense)	-	-	-	-	-
- Income/Expense Tax for the period	-	(340,646)	-	-	(340,646)
- Deferred Tax Income/Expense	2,079,788	59,857	593,580	-	2,733,225
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(33,659,705)</b>	<b>9,701,807</b>	<b>(20,566,871)</b>	<b>-</b>	<b>(44,524,769)</b>

30 June 2018	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
Revenue	308,687,135	63,682,010	11,121,098	(231,310)	383,258,933
Cost of Sales (-)	(268,892,888)	(53,827,149)	(8,761,966)	231,310	(331,250,693)
<b>GROSS PROFIT/LOSS</b>	<b>39,794,247</b>	<b>9,854,861</b>	<b>2,359,132</b>	<b>-</b>	<b>52,008,240</b>
General Administrative Expenses (-)	(10,581,056)	(772,816)	(868,750)	30,150	(12,192,472)
Marketing Expenses (-)	(12,081,626)	(1,140,149)	-	-	(13,221,775)
Research and Development Expenses (-)	(1,868,976)	-	-	-	(1,868,976)
Other Operating Income	15,146,011	1,372,267	890,225	(30,150)	17,378,353
Other Operating Expenses (-)	(16,888,181)	(156,153)	(493,957)	-	(17,538,291)
<b>OPERATING PROFIT/LOSS</b>	<b>13,520,419</b>	<b>9,158,010</b>	<b>1,886,650</b>	<b>-</b>	<b>24,565,079</b>
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	20,743,124	-	-	-	20,743,124
<b>OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES</b>	<b>34,263,543</b>	<b>9,158,010</b>	<b>1,886,650</b>	<b>-</b>	<b>45,308,203</b>
Financial Income (+)	7,510,656	-	13,083	(1,601,275)	5,922,464
Financial Expenses (-)	(89,424,280)	(1,094,620)	(41,955,557)	1,601,275	(130,873,182)
<b>OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION</b>	<b>(47,650,081)</b>	<b>8,063,390</b>	<b>(40,055,824)</b>	<b>-</b>	<b>(79,642,515)</b>
Operating Activity Tax Income / (Expense)	-	-	-	-	-
- Current Tax Income/Expense	-	(441,287)	-	-	(441,287)
- Deferred Tax Income/Expense	13,594,105	63,486	7,345,539	-	21,003,130
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(34,055,976)</b>	<b>7,685,589</b>	<b>(32,710,285)</b>	<b>-</b>	<b>(59,080,672)</b>

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30 June 2019	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
<b>Assets by Segments</b>					
Investment Property	60,510,000	-	-	-	60,510,000
Total Tangible Assets (Net Book Value)	160,923,773	18,123,986	249,186,152	-	428,233,911
Right of Use Assets (Net Book Value)	1,121,188	75,568	635,239	-	1,831,995
Total Intangible Assets (Net Book Value)	8,103,425	2,451	8,403	-	8,114,279
Purchases of Tangible and Intangible Assets	22,826,309	527,567	2,055,773	-	25,409,649
Purchases of Investment Property	10,000	-	-	-	10,000
Depreciation Expenses	8,791,892	1,146,499	5,941,674	-	15,880,065
Total Assets	58,750,080	2,351,350	18,362,230	-	79,463,660
Total Liabilities	724,444,296	-	344,645,394	-	1,069,089,690
Net Asset/ (Liability) Position of Foreign Currency Derivative Instruments Out of Financial Statements	(6,906,120)	-	-	-	(6,906,120)
Net Foreign Currency Asset/ Liabilities	(672,600,336)	2,351,350	(326,283,164)	-	(996,532,150)
<b>Financial Payables</b>	<b>611,564,355</b>	<b>3,532,156</b>	<b>344,806,809</b>	<b>-</b>	<b>959,903,320</b>
- USD	101,611,635	-	107,923,840	-	209,535,475
- EUR	508,550,227	-	236,236,289	-	744,786,516
- TRY	1,402,493	3,532,156	646,680	-	5,581,329
Export	333,812,854	15,429,992	-	-	349,242,846
Import	224,436,770	-	-	-	224,436,770
Total Debt	816,334,690	83,797,754	373,208,963	(24,722,244)	1,248,619,163
Cash Equivalents	(4,965,244)	(843,574)	(711,253)	-	(6,520,071)
Net Debt	811,369,446	82,954,180	372,497,710	(24,722,244)	1,242,099,092
Total Equity	318,963,767	22,368,403	(42,972,665)	(96,122,010)	202,237,495
Total Capital	1,130,333,213	105,322,583	329,525,045	(120,844,254)	1,444,336,587
Net Debt/Total Capital Ratio	71.78%	78.76%	113.04%	-	86.00%

30 June 2018	Textile Sector	Agricultural Sector	Energy Sector	Elimination Between Sections	Total
<b>Assets by Segments</b>					
Investment Property	64,943,449	-	-	-	64,943,449
Total Tangible Assets (Net Book Value)	137,612,304	19,829,542	229,909,031	-	387,350,877
Total Intangible Assets (Net Book Value)	5,370,981	5,263	9,180	-	5,385,424
Purchases of Tangible and Intangible Assets	11,526,190	639,130	52,771,722	-	64,937,042
Purchases of Investment Property	6,943,449	-	-	-	6,943,449
Depreciation Expenses	8,188,991	1,130,144	3,663,330	-	12,982,465
Total Assets	52,395,309	3,888,492	672,978	-	56,956,779
Total Liabilities	585,867,982	11,821	262,972,001	-	848,851,804
Net Asset/ (Liability) Position of Foreign Currency Derivative Instruments Out of Financial Statements	26,205,502	-	-	-	26,205,502
Net Foreign Currency Asset/ Liabilities	(507,267,171)	3,876,671	(262,299,023)	-	(765,689,523)
<b>Financial Payables</b>	<b>532,092,014</b>	<b>3,450,524</b>	<b>258,403,635</b>	<b>-</b>	<b>793,946,173</b>
- USD	159,662,008	-	88,660,145	-	248,322,153
- EUR	372,363,551	-	169,743,490	-	542,107,041
- TRY	66,455	3,450,524	-	-	3,516,979
Export	237,224,296	24,742,183	-	-	261,966,479
Import	130,002,927	582,533	16,169,061	-	146,754,521
Total Debt	707,086,607	65,037,426	285,599,210	(75,726,474)	981,996,769
Cash Equivalents	(1,455,274)	(19,858)	(699,587)	-	(2,174,719)
Net Debt	705,631,333	65,017,568	284,899,623	(75,726,474)	979,822,050
Total Equity	350,053,776	19,469,764	435,636	(96,122,010)	273,837,166
Total Capital	1,055,685,109	84,487,332	285,335,259	(171,848,484)	1,253,659,216
Net Debt/Total Capital Ratio	%67	%77	%100	-	%78

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**Information On The Geographical Region**

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

<b>Region</b>	<b>01.01-30.06.2019</b>	<b>01.01-30.06.2018</b>
Germany	67%	55%
Italy	9%	11%
Netherlands	4%	5%
Russia	3%	0%
U.S.A	3%	12%
China	3%	3%
France	2%	3%
England	2%	3%
Poland	2%	2%
U.A.E	1%	1%
Other	4%	5%
	<b>100%</b>	<b>100%</b>

**Information About Major Clients**

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. As of 30 June 2019, the share of the largest buyers in the revenue from textile sector operations is 66,56 % and agriculture sector operations is 80,63 %. (30 June 2018: the largest one, textile sector, 51,48 %; agriculture sector, 61,77%) (Note 33)

**NOTE 4 – CASH AND CASH EQUIVALENTS**

As of 30 June 2019 and 31 December 2018, the details of cash and cash equivalents are as follows:

	<b>30.06.2019</b>	<b>31.12.2018</b>
Cash	209,186	51,669
<b>Banks</b>	<b>6,310,885</b>	<b>30,610,611</b>
<i>Demand deposits</i>	<i>4,300,885</i>	<i>19,278,109</i>
<i>Time deposits</i>	<i>2,010,000</i>	<i>11,332,502</i>
	<b>6,520,071</b>	<b>30,662,280</b>

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As of 30 June 2019 and 31 December 2018 maturity schedule of time deposits in the cash and cash equivalents are as follows:

	<b>30.06.2019</b>	<b>31.12.2018</b>
Within 1 month	2,010,000	10,783,558
1-3 month	-	548,944
	<b>2,010,000</b>	<b>11,332,502</b>

As of 30 June 2019, effective interest rates of time deposits in TRY 23.25%', (31.12.2018: in TRY 23.71% - 25.56%, in EUR 2.04%).

As of 30 June 2019, there is no deposit pledge on the Group's bank deposits. (31.12.2018: None.)

**NOTE 5 – FINANCIAL INVESTMENTS**

**Short term financial investments**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Time deposits longer than 3 months	-	705,432
	-	705,432

**Long term financial investments**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	9,650,000
Provision for losses	-	(3,687,129)
	-	<b>5,962,871</b>

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**NOTE 6 – RELATED PARTY TRANSACTIONS**

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

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

	<b>30.06.2019</b>	<b>31.12.2018</b>
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	34,483,676	48,174,281
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	2,282,596	1,525,849
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	-	3,082
Menderes Tekstil Pazarlama A.Ş.	-	92,405
Unearned Interests	(345,712)	(309,557)
	<b>36,420,560</b>	<b>49,486,060</b>

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

	<b>30.06.2019</b>	<b>31.12.2018</b>
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	-	1,112,514
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	110,273	-
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	-	5,764,261
Unearned Interests	(2,520)	(135,379)
	<b>107,753</b>	<b>6,741,396</b>

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

	<b>30.06.2019</b>	<b>31.12.2018</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	79,126	-
Akça Holding A.Ş.	6,995,884	2,746,057
Ali Atlamaz	-	100
	<b>7,075,010</b>	<b>2,746,157</b>



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

	<b>30.06.2019</b>	<b>31.12.2018</b>
Rıza Akça	90,678	87,218
Ahmet Bilge Göksan	1,400	35,400
	<b>92,078</b>	<b>122,618</b>

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

**a) Sales to related parties:**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	88,035,238	39,048,166
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	2,465,355	1,867,904
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	29,167	24,628
	<b>90,529,760</b>	<b>40,940,698</b>

**b) Purchases from related parties:**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	17,944,862	6,151,621
Akça Holding A.Ş.	-	38,753
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	3,390	3,460
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	2,305	2,092
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	3,183	248
	<b>17,953,740</b>	<b>6,196,174</b>

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**c) Fixed asset purchases from related parties(Tangible Fix Assets):**

	01.01.- 30.06.2019	01.01.- 30.06.2018
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	7,945,000	-
	<b>7,945,000</b>	<b>-</b>

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

	01.01.- 30.06.2019	01.01.- 30.06.2018
Akça Holding A.Ş.	9,650,000	-
	<b>9,650,000</b>	<b>-</b>

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

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

	01.01.- 30.06.2019	01.01.- 30.06.2018
Benefits provided to senior management	399,292	345,925
	<b>399,292</b>	<b>345,925</b>

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

	01.01.- 30.06.2019	01.01.- 30.06.2018
Akça Holding A.Ş.	429,328	336,050
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	160,565	249,821
Menderes Tekstil Pazarlama A.Ş.	-	214,343
	<b>589,893</b>	<b>800,214</b>

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**c Rent income from related parties:**

	01.01.- 30.06.2019	01.01.- 30.06.2018
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	65,100	52,500
Akça Holding A.Ş.	64,740	52,200
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	59,700	48,900
Menderes Tekstil Pazarlama A.Ş.	3,000	7,290
Akçamen Tekstil Sanayi Ticaret A.Ş.	3,000	3,000
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	3,000	3,000
	<b>198,540</b>	<b>166,890</b>

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

	01.01.- 30.06.2019	01.01.- 30.06.2018
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	30,000	-
Menderes Tekstil Pazarlama A.Ş.	-	13,983
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	-	18,132
	<b>30,000</b>	<b>32,115</b>

**e Service income from related parties:**

	01.01.- 30.06.2019	01.01.- 30.06.2018
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	84,670	81,522
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	-	165,891
	<b>84,670</b>	<b>247,413</b>

**f Foreign exchange income from related parties (Note 29.1- Note 27.2):**

	01.01.- 30.06.2019	01.01.- 30.06.2018
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	5,380,290	89,498
	<b>5,380,290</b>	<b>89,498</b>

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

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	216,737	1,134,904
Rıza Akça	32,198	-
Akça Holding A.Ş.	166,104	681
	<b>415,039</b>	<b>1,135,585</b>

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

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	517,289	44,276
	<b>517,289</b>	<b>44,276</b>

**I) Interest expense paid to related parties:**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>
Osman Akça Tarım Ürünleri İth. İhr. San. ve Tic. A.Ş.	-	75,527
	<b>-</b>	<b>75,527</b>

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

**Short Term Trade Receivables**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Trade receivables	89,369,711	102,354,828
Cheques and notes	1,215,550	857,101
Unearned interest on trade receivables	(1,143,907)	(1,019,573)
Doubtful trade receivables	716,311	731,311
Provision for doubtful receivables (-)	(716,311)	(731,311)
Income accruals	5,341,922	5,572,809
<b>Trade Receivables From Third Parties</b>	<b>94,783,276</b>	<b>107,765,165</b>
Trade receivables from related parties (Note 6-i-a)	36,686,050	49,598,693
Income accruals from related parties (Note 6-i-b)	80,222	196,924
Unearned interests on related party receivables (Note 6-i-a)	(345,712)	(309,557)
<b>Trade Receivables From Related Parties</b>	<b>36,420,560</b>	<b>49,486,060</b>
<b>Total Short-Term Trade Receivables</b>	<b>131,203,836</b>	<b>157,251,225</b>

As of 30 June 2019, the average maturity of trade receivables are 30 days.(31 December 2018: 36 days).

Maturity schedule of notes receivables as of 30 June 2019 and 31 December 2018 are as follows:

	<b>30.06.2019</b>	<b>31.12.2018</b>
Overdue	-	-
1-30 days	206,167	282,889
31-60 days	161,327	221,757
61-90 days	437,129	352,455
91-120 days	263,177	-
121-150 days	147,750	-
	<b>1,215,550</b>	<b>857,101</b>

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As of 30 June 2019 and 31 December 2018, provision for doubtful receivables movement schedule is as follows:

	<b>30.06.2019</b>	<b>31.12.2018</b>
Opening balance	731,311	54,600
Collection for period	(15,000)	-
Offsetting of balances that cannot be collected (*)	-	(25,376)
Provision for the period	-	702,087
<b>Closing Balances</b>	<b>716,311</b>	<b>731,311</b>

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

**Short Term Trade Payables**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Trade payables	186,444,355	138,354,448
Unearned interests on trade payables	(2,542,396)	(2,494,391)
Notes payables	19,622,117	25,110,523
Unearned interests on payables	(355,213)	(447,459)
Expense accruals	9,654,546	7,952,178
<b>Trade Payables To Third Parties</b>	<b>212,823,409</b>	<b>168,475,299</b>
Payables to related parties (Note 6-i-b)	110,273	6,876,775
Unearned interests on notes payables to related parties(Note 6-i-b)	(2,520)	(135,379)
<b>Trade Payables to Related Parties</b>	<b>107,753</b>	<b>6,741,396</b>
<b>Total Short Term Trade Payables</b>	<b>212,931,162</b>	<b>175,216,695</b>

As of 30 June 2019,the average maturity of trade payables are 69 days. (31 December 2018: 52 days).

As of 30 June 2019, the surety bond amounting to USD 14,776,425 (85,039,803 TRY) and EUR 595,338 (TRY 3,899,880) were given for trade payables of the Group by bank. (31.12.2018:USD 10,889,271 (TRY 57,287,367)) (Note 20).

As of 30 June 2019 and 31 December 2018, maturity breakdown of notes payables are as follows:

	<b>30.06.2019</b>	<b>31.12.2018</b>
Overdue	-	-
1 – 30 days	11,464,846	14,410,310
31 – 60 days	6,694,214	8,969,892
61 – 90 days	1,149,677	1,730,321
151 – 180 days	313,380	-
	<b>19,622,117</b>	<b>25,110,523</b>

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**NOTE 8 – FINANCIAL BORROWINGS**

	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>Short Term Borrowings:</b>		
TRY borrowings	3,590,521	5,095,587
USD borrowings	78,307,158	51,438,106
EUR borrowings	363,023,148	261,479,217
Credit card liabilities(TRY)	120,762	83,241
<b>Short Term Financial Borrowings</b>	<b>445,041,589</b>	<b>318,096,151</b>
<b>Lease Payables:</b>		
EUR lease payables, net	2,749,086	2,652,223
<b>Operating Lease Payables</b>		
Operating lease payables, net	876,255	-
<b>Bank Borrowings:</b>		
USD borrowings	32,891,802	25,529,285
EUR borrowings	100,700,623	101,366,587
<b>Current Installments of Long-Term Borrowings</b>	<b>137,217,766</b>	<b>129,548,095</b>
<b>Long Term Lease Payables:</b>		
EUR lease payables, net	3,607,495	4,489,345
<b>Operating Lease Payables</b>		
Operating lease payables, net	993,791	-
<b>Long Term Bank Borrowings:</b>		
USD borrowings	98,336,515	101,377,839
EUR borrowings	274,706,164	287,914,850
<b>Long Term Financial Borrowings</b>	<b>377,643,965</b>	<b>393,782,034</b>
<b>Total Financial Liabilities</b>	<b>959,903,320</b>	<b>841,426,280</b>

As of 30 June 2019 and 31 December 2018, maturity analysis of borrowings and other financial borrowings are as follows:

	<b>30.06.2019</b>	<b>31.12.2018</b>
Within 3 months	92,479,984	158,900,348
Between 3 - 12 months	486,154,030	286,091,675
Between 1 - 5 years	266,793,115	315,201,366
More than 5 years	106,249,564	74,091,323
	<b>951,676,693</b>	<b>834,284,712</b>

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As of 30 June 2019 and 31 December 2018, maturity schedule of long term bank borrowings are as follows:

	<b>30.06.2019</b>	<b>31.12.2018</b>
Between 1-2 years	105,412,360	110,679,143
Between 2-3 years	76,944,902	74,622,689
Between 3-4 years	45,923,124	55,500,280
Between 4-5 years	38,512,730	36,528,683
Between 5-6 years	30,502,331	30,897,320
Between 6-7 years	26,575,508	25,632,442
Between 7-8 years	23,616,099	22,282,547
Between 8-9 years	14,775,024	17,848,149
Between 9-10 years	5,984,493	9,416,470
Between 10-11 years	3,232,287	3,006,684
Between 11-12 years	1,563,821	2,878,282
	<b>373,042,679</b>	<b>389,292,689</b>

As of 30 June 2019, effective interest rates for USD and EUR bank loans are 6.28% and 3.53% (31.12.2018: USD 6.01% ve EUR 3.59%)

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

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 134,950,000 (TRY 776,650,745), EUR 25,000,000 (TRY 163,767,500) and TRY 98,910,000.

As of 30 June 2019 and 31 December 2018, the details of financial leasing borrowings of Group are as follows:

	<b>30.06.2019</b>	<b>31.12.2018</b>
Short term lease payables	3,027,425	2,956,939
Cost of deferred lease payables (-)	(278,339)	(304,716)
	<b>2,749,086</b>	<b>2,652,223</b>
	<b>30.06.2019</b>	<b>31.12.2018</b>
Long term lease payables	3,742,629	4,708,360
Cost of deferred lease payables (-)	(135,134)	(219,015)
	<b>3,607,495</b>	<b>4,489,345</b>



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As of 30 June 2019, the repayment schedule of lease payables are as follows:

	<b>Lease payables</b>	<b>Cost of deferred lease payables</b>	<b>Total liabilities</b>
Between 0 – 1 years	3,027,425	(278,339)	2,749,086
Between 1 – 2 years	2,864,586	(124,417)	2,740,169
Between 2 – 3 years	878,043	(10,717)	867,326
	<b>6,770,054</b>	<b>(413,473)</b>	<b>6,356,581</b>

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

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

As of 30 June 2019, the details of operating lease payables are as follows.

	<b>30.06.2019</b>	<b>31.12.2018</b>
Operating Lease Payables	1,870,046	-
	<b>1,870,046</b>	<b>-</b>

As of 30 June 2019, the repayment schedule of operating lease payables are as follows

	<b>30.06.2019</b>	<b>31.12.2018</b>
Between 0 – 1 years	876,255	-
Between 1 – 2 years	526,038	-
Between 2 – 3 years	277,037	-
Between 3 – 4 years	125,255	-
Between 4 – 5 years	65,461	-
	<b>1,870,046</b>	<b>-</b>

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**NOTE 9 – OTHER RECEIVABLES AND PAYABLES**

**Other Current Receivables**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Deposit and guarantees given	729,266	302,146
VAT return receivables	5,949,325	4,960,569
Other receivables	575,228	376,974
<b>Other Receivables from Third Parties</b>	<b>7,253,819</b>	<b>5,639,689</b>
Receivables from shareholders (Note 6-i-c)	7,075,010	2,746,157
<b>Other Receivables From Related Parties</b>	<b>7,075,010</b>	<b>2,746,157</b>
<b>Total Other Current Receivables</b>	<b>14,328,829</b>	<b>8,385,846</b>

**Other Non-Current Receivables**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Deposits and guarantees given	14,721	187,210
	<b>14,721</b>	<b>187,210</b>

**Other Current Payables**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Deposit and guarantees received	33,400	372,897
Taxes and funds payable	1,343,701	2,598,637
Liabilities from tax base increase regarding to Law 7143	127,585	510,018
Notes payable given as advance	500,000	4,000,000
Other sundry payables	41,883	4,811
<b>Other Payables to Third Parties</b>	<b>2,046,569</b>	<b>7,486,363</b>
Payables to shareholders (Note 6-i-d)	92,078	122,618
<b>Other Payables to Related Parties</b>	<b>92,078</b>	<b>122,618</b>
<b>Total Other Current Payables</b>	<b>2,138,647</b>	<b>7,608,981</b>

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**NOTE 10 – DERIVATIVE INSTRUMENTS**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Income accrual of forward exchange	358,514	7,400
	<b>358,514</b>	<b>7,400</b>
	<b>30.06.2019</b>	<b>31.12.2018</b>
Expense accrual of forward exchange	564,210	44,900
	<b>564,210</b>	<b>44,900</b>

**NOTE 11 – INVENTORIES**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Raw materials	173,686,895	140,788,159
Semi-finished products	194,846,035	123,914,118
Finished goods	75,211,158	16,245,387
Trade goods	385,182	906,815
Other inventories	405,599	195,040
Agricultural products (Figs, Apricot and Grape)	38,586,738	60,548,397
	<b>483,121,607</b>	<b>342,597,916</b>

All inventories of the Group are covered by insurance coverage.

**NOTE 12 – BIOLOGICAL ASSETS**

**Current Biological Assets**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Biological assets (Tomato)	535,724	3,047,901
	<b>535,724</b>	<b>3,047,901</b>

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

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**NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME**

**Short Term Prepaid Expenses**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Order advances given	8,383,040	5,505,036
Prepaid expenses	1,810,223	1,998,318
Advances given for business purposes	687,787	101,658
	<b>10,881,050</b>	<b>7,605,012</b>

**Long Term Prepaid Expenses**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Advances given for purchases of tangible assets	19,533,096	5,988,733
Prepaid expenses	176,838	153,581
	<b>19,709,934</b>	<b>6,142,314</b>

**Short Term Deferred Income**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Advances received	2,372,588	3,641,021
Deferred income	-	207,724
	<b>2,372,588</b>	<b>3,848,745</b>

**NOTE 14 – CURRENT TAX ASSETS**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Prepaid taxes and funds	171,704	507,116
	<b>171,704</b>	<b>507,116</b>

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

As of 30 June 2019 and 31 December 2018, the companies accounted by equity pick up method are as follows:

	<b>30.06.2019</b>	<b>Pay (%)</b>	<b>31.12.2018</b>
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	157,147,079	48%	166,386,966
	<b>157,147,079</b>		<b>166,386,966</b>

In the current period, the Group has received dividend payment amounting to TRY 11,520,000 from Participation (31 December 2018: None)

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 30 June 2019 and 31 December 2018 are as follows:

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

	<b>30.06.2019</b>	<b>31.12.2018</b>
Current assets	99,553,889	90,529,219
Non-current assets	265,562,332	290,447,948
<b>Total Assets</b>	<b>365,116,221</b>	<b>380,977,167</b>
Current liabilities	19,975,038	15,973,311
Non-current liabilities	17,751,436	18,364,343
Shareholders' equity	327,389,747	346,639,513
<b>Total Liabilities</b>	<b>365,116,221</b>	<b>380,977,167</b>
Sales, net	189,027,434	330,634,274
Cost of sales	(185,024,886)	(312,275,110)
Net profit / (loss)	8,107,012	20,632,006

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**NOTE 16 – INVESTMENT PROPERTIES**

<b>Cost Value</b>	<b>Lands</b>	<b>Total</b>
01 January 2018 opening balance	58,000,000	58,000,000
Additions	6,943,449	6,943,449
Fair value	(4,443,449)	(4,443,449)
31 December 2018 closing balance	60,500,000	60,500,000
Additions	10,000	10,000
30 June 2019 closing balance	60,510,000	60,510,000

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**NOTE 17 – TANGIBLE ASSETS**

Cost Value	Land	Land Improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Special costs	Total
01 January 2018 opening balance	4,765,171	73,222,407	80,206,696	354,324,493	2,990,380	14,801,038	58,896,805	-	589,206,990
Additions	-	-	1,827,721	55,660,449	555,967	1,344,107	60,022,050	9,175	119,419,469
Disposals	-	-	-	(24,323)	(166,000)	-	-	-	(190,323)
Transfers	-	9,451,556	10,098,991	86,774,028	-	175,036	(108,095,988)	-	(1,596,377)
31 December 2018 closing balance	4,765,171	82,673,963	92,133,408	496,734,647	3,380,347	16,320,181	10,822,867	9,175	706,839,759
Additions	-	2,543	8,115,160	3,668,239	-	677,218	12,787,210	-	25,250,370
Disposals	-	-	-	(15,513,675)	-	(1,763)	-	-	(15,515,438)
Transfers	-	-	5,664,368	735,870	-	-	(8,461,876)	-	(2,061,638)
30 June 2019 closing balance	4,765,171	82,676,506	105,912,936	485,625,081	3,380,347	16,995,636	15,148,201	9,175	714,513,053
<b>Accumulated Depreciation</b>									
01 January 2018 opening balance	-	20,286,815	19,380,021	203,598,119	1,435,430	7,082,198	-	-	251,782,583
Additions	-	4,577,471	1,777,035	18,030,893	22,896	1,843,598	-	917	26,252,810
Disposals	-	-	-	(3,081)	(166,000)	-	-	-	(169,081)
Transfers	-	-	-	-	-	-	-	-	-
31 December 2018 closing balance	-	24,864,286	21,157,056	221,625,931	1,292,326	8,925,796	-	917	277,866,312
Additions	-	2,440,441	971,982	10,556,951	27,798	942,637	-	918	14,940,727
Disposals	-	-	-	(6,527,721)	-	(176)	-	-	(6,527,897)
Transfers	-	-	-	-	-	-	-	-	-
30 June 2019 closing balance	-	27,304,727	22,129,038	225,655,161	1,320,124	9,868,257	-	1,835	286,279,142
<b>31.12.2018, Net Book Value</b>	<b>4,765,171</b>	<b>57,809,677</b>	<b>70,976,352</b>	<b>275,108,716</b>	<b>2,088,021</b>	<b>7,394,385</b>	<b>10,822,867</b>	<b>8,258</b>	<b>428,973,447</b>
<b>30.06.2019, Net Book Value</b>	<b>4,765,171</b>	<b>55,371,779</b>	<b>83,783,898</b>	<b>259,969,920</b>	<b>2,060,223</b>	<b>7,127,379</b>	<b>15,148,201</b>	<b>7,340</b>	<b>428,233,911</b>

As of 30 June 2019, the depreciation expense of tangible assets for the period is TRY 14,940,727 (31 December 2018: TRY 26,252,810).

As of 30 June 2019, fixed assets are insured by TRY 10,118,279 ,EUR 22,797,200 (TRY 149,337,618), USD 132,369,954 (TRY 761,802,322). (31 December 2018: TRY 8,143,929, EUR 22,789,500 (TRY 137,375,106), USD 132,369,954 (TRY 696,385,091).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 134,950,000 (TRY 776,650,745), EUR 25,000,000 (TRY 163,767,500) and TRY 98,910,000.

As of 30 June 2019, net book value of leasing machines is TRY 8,516,528 (31.12.2018: 8,859,513 TRY).

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Borrowing cost in the period of 1 January – 31 December 2018 is added to construction in progress which is amounting to TRY 14,371,605 regarding to the borrowing of Akça Enerji Üretim Otoprodüktör Grubu A.Ş.'s power plant. As of 30 June 2019, the Group has borrowing costs amounting to TRY 4,982,772.

**NOTE 18 – RIGHT OF USE ASSETS**

<b>Cost Value</b>	<b>Lands</b>	<b>Buildings</b>	<b>Plants</b>	<b>Vehicles</b>	<b>Total</b>
Change in accounting policy	555,192	458,420	209,267	595,526	1,818,405
Additions	-	-	-	810,206	810,206
30 June 2019 closing balance	555,192	458,420	209,267	1,405,732	2,628,611
<b>Accumulated Depreciation</b>					
31 December 2018 closing balance	-	-	-	-	-
Change in accounting policy	-	35,264	98,821	199,337	333,422
Additions	55,518	105,792	34,878	267,006	463,194
30 June 2019 closing balance	55,518	141,056	133,699	466,343	796,616
<b>31.12.2018, Net Book Value</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>30.06.2019, Net Book Value</b>	<b>499,674</b>	<b>317,364</b>	<b>75,568</b>	<b>939,389</b>	<b>1,831,995</b>



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**NOTE 19 – INTANGIBLE ASSETS**

<b>Cost Value</b>	<b>Rights</b>	<b>Research and Development Expenses</b>	<b>Other Intangible Assets</b>	<b>Total</b>
01 January 2018 opening balance	501,522	2,910,544	885,257	4,297,323
Additions	-	2,129,658	-	2,129,658
Transfer	-	1,596,377	-	1,596,377
31 December 2018 closing balance	501,522	6,636,579	885,257	8,023,358
Additions	-	-	159,279	159,279
Disposals	(115,272)	-	-	(115,272)
Transfer	-	2,061,638	-	2,061,638
30 June 2019 closing balance	386,250	8,698,217	1,044,536	10,129,003
<b>Accumulated Depreciation</b>				
01 January 2018 opening balance	485,280	24,255	430,471	940,006
Additions	11,203	499,773	202,870	713,846
31 December 2018 closing balance	496,483	524,028	633,341	1,653,852
Additions	2,588	379,309	94,247	476,144
Disposals	(115,272)	-	-	(115,272)
30 June 2019 closing balance	383,799	903,337	727,588	2,014,724
<b>31.12.2018, Net Book Value</b>	<b>5,039</b>	<b>6,112,551</b>	<b>251,916</b>	<b>6,369,506</b>
<b>30.06.2019, Net Book Value</b>	<b>2,451</b>	<b>7,794,880</b>	<b>316,948</b>	<b>8,114,279</b>

As of 30 June 2019, the amortization expense of intangible assets for the period is TRY 476,144 (31 December 2018: TRY 713,846).

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

As of 30 June 2019 and 31 December 2018, the Group's guarantee / security / mortgage (“GSM”) position are as follows:

<b>Guarantees, security and mortgage “(GSM)” given by the Group</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
A. Total Amount of GSM given on behalf of legal entity	1,971,069,521	1,829,986,581
B. Total Amount of GSM given for partnerships which included in full consolidation	55,881,925	51,422,939
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
i. <i>Total Amount of GSM given for the Parent Group</i>	None	None
ii. <i>Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses</i>	None	None
iii. <i>Total Amount of GSM Given for Third Parties not Included in C Clause</i>	None	None
<b>Total</b>	<b>2,026,951,446</b>	<b>1,881,409,520</b>

There is no guarantee given by the Group for the loans in favor of related parties. For credit contracts of the Group USD 114,250,000 (TRY 684,380,350), EUR 7,500,000 (TRY 52,128,750) and TRY 122,500,000 guarantee are provided by related parties (Akça Holding and Osman Akça) (31 December 2018: USD 114,250,000 (TRY 601,057,825), EUR 7,500,000 (TRY 45,210,000) and TRY 122,500,000 ).

As of 30 June 2019, the details of the guarantee given for the subsidiary Tan Elektrik’s financial borrowings to investment are as follows:

	<b>FX Currency</b>	<b>FX Amount</b>	<b>FX Rate</b>	<b>TRY Equivalent</b>
Commerzbank AG	EUR	8,456,000	6.5507	55,392,719
AKA European Export&Trade Bank	EUR	8,530,680	6.5507	55,881,925
				<b>111,274,644</b>

As of 30 June 2019, details of mortgage on lands and buildings are as follows:

<b>Details of mortgage</b>	<b>FX Currency</b>	<b>FX Amount</b>	<b>FX Rate</b>	<b>TRY Equivalent</b>
Türkiye Vakıflar Bankası T.A.O	TRY	97,310,000	1.0000	97,310,000
Türkiye Vakıflar Bankası T.A.O	USD	134,950,000	5.7551	776,650,745
Türkiye Finans Katılım Bankası A.Ş.	TRY	1,600,000	1.0000	1,600,000
Türkiye Vakıflar Bankası T.A.O	EUR	25,000,000	6.5507	163,767,500
				<b>1,039,328,245</b>

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As of 30 June 2019, details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Electricity and Natural Gas Distribution Companies	TRY	13,356,720	1.0000	13,356,720
Energy Market Regulatory Authority	TRY	2,025,902	1.0000	2,025,902
Customs Administration	TRY	10,760,800	1.0000	10,760,800
Credit Guarantee	USD	3,245,000	5.7551	18,675,300
Credit Guarantee	EUR	6,203,400	6.5507	40,636,612
Food, Agriculture Livestock Directorate	TRY	625,669	1.0000	625,669
Public Institutions	TRY	1,969,377	1.0000	1,969,377
				<b>88,050,380</b>

As of 30 June 2019, bank details of the guarantee letters given are as follows:

Bank Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	28,555,468	1.0000	28,555,468
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Halk Bank A.Ş.	TRY	125,000	1.0000	125,000
Denizbank A.Ş.	USD	2,738,000	5.7551	15,757,464
Denizbank A.Ş.	EUR	6,203,400	6.5507	40,636,612
Türkiye Finans Katılım Bankası A.Ş.	USD	507,000	5.7551	2,917,836
				<b>88,050,380</b>

As of 30 June 2019, avals which are given to trade receivables by the Group are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	USD	14,159,200	5.7551	81,487,615
Türkiye Vakıflar Bankası T.A.O.	EUR	595,338	6.5507	3,899,880
İşbankası A.Ş.	USD	617,224	5.7551	3,552,188
		<b>15,371,763</b>		<b>88,939,683</b>

As of 30 June 2019, the Group has 2.000.000 USD-TRY and 2.000.000 TRY-USD foreign currency options (31 December 2018: None).

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As of 30 June 2019, 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	5.7551	51,795,900
Eximbank A.Ş.	USD	25,000,000	5.7551	143,877,500
Finansbank A.Ş.	TRY	13,000,000	1.0000	13,000,000
Halk Bankası A.Ş.	TRY	10,000,000	1.0000	10,000,000
İşbankası A.Ş.	USD	9,500,000	5.7551	54,673,450
Odea Bank A.Ş.	TRY	33,000,000	1.0000	33,000,000
Şekerbank A.Ş.	USD	3,750,000	5.7551	21,581,625
Şekerbank A.Ş.	TRY	2,500,000	1.0000	2,500,000
Şekerbank A.Ş.	EUR	7,500,000	6.5507	49,130,250
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	5.7551	374,081,500
Turkland Bank A.Ş.	TRY	15,000,000	1.0000	15,000,000
Arap Türk Bankası A.Ş.	USD	2,000,000	5.7551	11,510,200
				<b>829,150,425</b>

As of 30 June 2019, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Eximbank	USD	597,500	5.7551	3,438,672
Eximbank	EUR	1,694,750	6.5507	11,101,799
				<b>14,540,471</b>

As of 30 June 2019, bank details of the bonds are as follows:

Bond	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türk Eximbank	USD	11,500,000	5.7551	66,183,650
Türk Eximbank	EUR	32,755,883	6.5507	214,573,963
Türkiye Cumhuriyeti Merkez Bankası	EUR	12,975,000	6.5507	84,995,333
				<b>365,752,946</b>

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**NOTE 21 –PROVISIONS**

**Other Short Term Provisions**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Provision for the lawsuits	328,046	557,418
Provision for unused vacation	6,090,518	3,897,322
	<b>6,418,564</b>	<b>4,454,740</b>

	<b>30.06.2019</b>	<b>31.12.2018</b>
Unused vacation provisions at beginning of period	3,897,322	2,125,159
Provisions during the period	2,193,196	1,772,163
<b>Closing balance</b>	<b>6,090,518</b>	<b>3,897,322</b>

**Long Term Provisions for Employee Benefits**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Provision for severance pay	41,441,972	35,840,240
	<b>41,441,972</b>	<b>35,840,240</b>

For the period of 01 January – 30 June 2019, the average personnel number including subcontractors employed by the Group is 4,285. (01.01-31.12.2018: 4,115). The rate of retirement probability used is 97%. (01.01-31.12.2018: % 99).

For the period ended at 30 June 2019 and 31 December 2018, the movement schedule of severance pay provision is as follows:

	<b>30.06.2019</b>	<b>31.12.2018</b>
Balance of 01 January	35,840,240	31,436,701
Increase in the period	7,386,079	9,310,122
Interest cost	1,156,231	1,943,306
Payments during the period	(3,946,023)	(7,646,802)
Actuarial profit/(loss)	1,005,445	796,913
<b>Balance at the end of the period</b>	<b>41,441,972</b>	<b>35,840,240</b>

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**NOTE 22 – EMPLOYEE BENEFIT LIABILITIES**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Due to personnel	14,227,079	12,930,451
Social security deductions payable	5,132,575	3,377,300
	<b>19,359,654</b>	<b>16,307,751</b>

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

**Other Current Assets**

	<b>30.06.2019</b>	<b>31.12.2018</b>
VAT carried forward	87,295,032	72,600,809
	<b>87,295,032</b>	<b>72,600,809</b>

**NOTE 24 – SHARE CAPITAL**

**24.1 Paid in Capital**

As of 30 June 2019, Group’s paid in capital was divided into 250,000,000 shares as each valued at TRY 0,01 nominally 25,000,000,000 shares.

As of 30 June 2019 and 31 December 2018, Group’s paid in capital is as follows:

	<b>30.06.2019</b>		<b>31.12.2018</b>	
<b>Shareholders</b>	<b>Share (%)</b>	<b>TRY</b>	<b>Share (%)</b>	<b>TRY</b>
Public Offered Shares	46.88%	117,189,944	46.88%	117,189,944
Akça Holding A.Ş.	50.73%	126,829,500	50.73%	126,829,500
Other	2.39%	5,980,556	2.39%	5,980,556
<b>Total</b>	<b>100.00%</b>	<b>250,000,000</b>	<b>100.00%</b>	<b>250,000,000</b>

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

**24.2 Inflation Adjustments of Shareholders’ Equity**

	<b>30.06.2019</b>	<b>31.12.2018</b>
Inflation adjustment of shareholders’ equity	485,133	485,133
	<b>485,133</b>	<b>485,133</b>

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

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

	<b>30.06.2019</b>	<b>31.12.2018</b>
Defined Benefit Plans Re-Measurement Gains (Losses)	(559,907)	239,108
	<b>(559,907)</b>	<b>239,108</b>

**24.4 Restricted Reserves**

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

	<b>30.06.2019</b>	<b>31.12.2018</b>
Legal reserves	10,460,462	10,209,777
	<b>10,460,462</b>	<b>10,209,777</b>

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

**Profit Distribution**

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

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

Unless the dividends determined according to the TCC are reserved for the shareholders in the Articles of Association or in the profit distribution policy; the profit share determined for the shareholders 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.

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#### 24.5 Retained Earnings/ Losses

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

#### 24.6 Minority Interest

The details of the minority interests as of 30 June 2019 are as follows:

30 June 2019	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Group Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	14,586,829	1,920,233	79.17%	20.83%	3,040,701	400,049	394,941
Tan Elektrik	190,235	(2,174,312)	67.90%	32.10%	(1,260,532)	(697,954)	(697,569)
Akça Enerji	(43,162,900)	(18,392,559)	80.42%	19.58%	(16,411,516)	(3,601,997)	(3,602,615)
					<b>(14,631,347)</b>	<b>(3,899,902)</b>	<b>(3,905,243)</b>

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

31 December 2018	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Group Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	12,699,645	977,927	79.17%	20.83%	2,645,760	203,735	205,828
Tan Elektrik	2,363,555	(12,995,800)	67.90%	32.10%	(562,963)	(4,171,652)	(4,171,576)
Akça Enerji	(24,766,904)	(42,563,129)	80.42%	19.58%	(12,808,901)	(8,335,559)	(8,335,588)
					<b>(10,726,104)</b>	<b>(12,303,476)</b>	<b>(12,301,336)</b>

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

##### 25.1 Sales

	01.01.- 30.06.2019	01.01.- 30.06.2018	01.04.- 30.06.2019	01.04.- 30.06.2018
Domestic sales	212,627,757	122,715,584	107,744,431	73,276,964
Export sales	349,242,846	261,966,480	207,635,717	138,467,875
Other sales	2,435,773	1,846,045	379,025	1,245,832
	<b>564,306,376</b>	<b>386,528,109</b>	<b>315,759,173</b>	<b>212,990,671</b>
Sales returns	(662,935)	(1,486,263)	(157,177)	(1,153,971)
Other discounts	(1,861,813)	(1,782,913)	(1,715,649)	(1,782,913)
<b>Sales Income, (net)</b>	<b>561,781,628</b>	<b>383,258,933</b>	<b>313,886,347</b>	<b>210,053,787</b>



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**25.2 Cost of Sales**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>	<b>01.04.- 30.06.2019</b>	<b>01.04.- 30.06.2018</b>
Direct material expenses	380,369,746	222,243,128	194,819,303	126,151,458
Direct labor expenses	76,909,360	69,161,744	41,815,413	30,493,029
General production expenses	31,890,759	31,395,862	18,469,279	13,272,389
Depreciation expenses	8,051,147	7,764,784	4,007,686	3,875,092
<u>Change in semi-finished goods</u>				
1. Beginning semi-finished goods(+)	123,914,118	130,845,618	-	-
2. Ending semi-finished goods (-)	(194,846,035)	(139,762,619)	(3,344,667)	5,633,190
Cost of finished goods produced	426,289,095	321,648,517	255,767,014	179,425,158
<u>Changes in finished goods inventory</u>				
1. Beginning inventory (+)	16,245,387	11,866,835	-	-
2. Ending inventory (-)	(75,211,158)	(74,623,032)	(38,052,695)	(41,667,692)
Cost of finished goods sold	367,323,324	258,892,320	217,714,319	137,757,466
<u>Cost of merchandises</u>				
1. Beginning merchandise inventory (+)	906,815	794,336	-	-
2. Purchases during the period (+)	3,374,792	8,905,274	1,475,974	3,544,026
3. Ending merchandise inventory (-)	(385,182)	(262,233)	(221,343)	276,009
Cost of merchandises sold	3,896,425	9,437,377	1,254,631	3,820,035
Cost of other service rendered	607,144	484,491	198,508	187,317
Cost of other sales	83,323,590	32,882,658	43,755,789	22,480,745
Cost of biological assets	12,335,245	19,583,036	7,067,798	7,586,588
Depreciation of biological assets	1,146,499	1,130,144	589,644	580,467
Energy costs	13,702,346	5,177,337	5,560,594	2,262,122
Energy depreciation	5,941,674	3,663,330	3,019,487	1,831,813
<b>Cost of sales, net</b>	<b>488,276,247</b>	<b>331,250,693</b>	<b>279,160,770</b>	<b>176,506,553</b>

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As of 01 January – 30 June 2019 and 2018, for each main production group, quantities of goods and services:

<b>Kinds of goods</b>	<b>Unit</b>	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>
Yarn	Kg	6,970,474	6,594,937
Raw Clothing	Mt2	64,822,445	59,416,735
Finishing Cloth	Mt2	85,812,152	80,939,102
Lining	Mt2	9,056,405	11,682,675
Linens, Sheets, Curtains, Pillows	<b>Unit</b>	9,878,943	8,481,744
Electricity	Kwh	100,771,841	69,463,292
Cotton Waste	Kg	242,257	185,322
Piece of Cloth	Kg	1,669,885	2,395,265
Yarn Waste	Kg	356,820	249,180
Textile Trash Powder	Kg	130,850	185,400
Pepper	Kg	0	27,117
Tomato	Kg	4,027,788	3,933,379
Dried Figs	Kg	421,569	780,439
Dried Apricot	Kg	186,777	193,185
Dried Grape	Kg	5,651,121	2,513,243

As of 01 January – 30 June 2019 and 2018, for each main sales group, quantities of goods and services:

<b>Kinds of goods</b>	<b>Unit</b>	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>
Yarn	Kg	874,539	147,319
Raw Clothing	Mt2	5,744	-
Finishing Cloth	Mt2	5,836,469	8,644,220
Lining	Mt2	9,741,792	10,653,087
Linens, Sheets, Curtains, Pillows	Unit	8,928,313	7,458,534
Electricity	Kwh	65,281,850	31,476,918
Cotton Waste	Kg	261,630	194,700
Piece of Cloth	Kg	1,627,380	1,721,180
Yarn Waste	Kg	356,820	249,180
Textile Trash Powder	Kg	130,850	185,400
Pepper	Kg	-	27,117
Tomato	Kg	4,081,738	6,590,056
Dried Figs	Kg	421,569	780,439
Dried Apricot	Kg	186,777	193,185
Dried Grape	Kg	5,651,121	2,513,243

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**NOTE 26 – RESEARCH AND DEVELOPMENT GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>	<b>01.04.- 30.06.2019</b>	<b>01.04.- 30.06.2018</b>
Research and development expenses	5,830,698	1,868,976	5,569,694	1,430,081
Marketing, sales and distribution expenses	13,814,568	13,221,775	6,748,166	7,697,203
General administrative expenses	11,465,969	12,192,472	4,413,508	6,834,008
	<b>31,111,235</b>	<b>27,283,223</b>	<b>16,731,368</b>	<b>15,961,292</b>

**26.1 Research and Development Expenses**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>	<b>01.04.- 30.06.2019</b>	<b>01.04.- 30.06.2018</b>
Direct Material expenses	3,511,185	1,098,764	3,426,720	840,666
Personnel expenses	2,223,415	717,088	2,060,807	538,660
Other expenses	96,098	53,124	82,167	50,755
	<b>5,830,698</b>	<b>1,868,976</b>	<b>5,569,694</b>	<b>1,430,081</b>

**26.2 Marketing Expenses**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>	<b>01.04.- 30.06.2019</b>	<b>01.04.- 30.06.2018</b>
Personnel expenses	4,128,956	3,918,263	1,865,080	2,157,957
Export expenses	7,390,148	8,185,157	3,159,754	5,309,107
Transportation of domestic sale	234,164	148,689	183,907	6,650
Depreciation expenses	143,454	13,571	81,889	7,189
Other expenses	1,070,690	517,030	864,720	45,188
Severance pay	135,041	145,929	86,947	40,032
Fair expenses	712,115	293,136	505,869	131,080
	<b>13,814,568</b>	<b>13,221,775</b>	<b>6,748,166</b>	<b>7,697,203</b>

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**26.3 General Administrative Expenses**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>	<b>01.04.- 30.06.2019</b>	<b>01.04.- 30.06.2018</b>
Personnel expenses	4,931,052	3,380,200	2,761,834	1,898,819
Provision for unused personnel leave	964,245	2,200,557	(47,477)	1,505,092
Tax and duty expenses	938,844	768,899	176,186	496,226
Education and consultancy expenses	736,386	764,966	308,031	457,899
Depreciation expenses	597,291	424,207	326,160	221,293
Shares in holding cost (*)	524,369	525,132	324,841	208,273
Insurance expenses	448,311	599,089	51,065	323,240
Travelling expenses	443,425	617,985	158,674	218,879
Provision for severance pay expense	250,878	576,020	(71,301)	212,218
Aid and donation expenses	170,317	60,599	144,601	34,069
Capital market expenses	158,919	142,154	68,708	57,677
Membership expenses	128,523	60,342	24,563	42,634
Vehicle and office rental expenses	117,905	366,531	37,972	228,472
Communication expenses	79,813	78,165	43,072	37,078
Repair and maintenance expenses	40,999	26,043	5,004	8,306
Notary and insurance expenses	25,518	7,382	7,438	3,033
Representation and entertainment expenses	9,918	46,060	8,068	7,407
Case expenses and lawsuit provision	4,279	-	4,279	-
Provision for doubtful receivables	-	416	-	416
Other expenses	894,977	1,547,725	81,790	872,977
	<b>11,465,969</b>	<b>12,192,472</b>	<b>4,413,508</b>	<b>6,834,008</b>

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

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**NOTE 27 – OTHER OPERATING INCOME/ (EXPENSES)**

**27.1 Other Income From Operating Activities**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>	<b>01.04.- 30.06.2019</b>	<b>01.04.- 30.06.2018</b>
Reversal of unnecessary provision	244,372	1,127	28,859	1,127
Foreign exchange gains related to commercial activities	13,874,432	11,788,681	8,115,388	2,778,007
Discount income / expenses on payables, net	4,229,259	2,545,531	(841,144)	1,610,292
Rental income	412,244	255,313	283,162	135,470
Other income and profit	1,578,850	2,787,701	714,188	1,762,757
	<b>20,339,157</b>	<b>17,378,353</b>	<b>8,300,453</b>	<b>6,287,653</b>

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

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>	<b>01.04.- 30.06.2019</b>	<b>01.04.- 30.06.2018</b>
Commission expenses	1,365,712	914,614	1,365,712	443,637
Foreign exchange gains related to commercial activities from related parties	5,380,290	-	5,380,290	-
Foreign exchange gains related to commercial activities	5,744,648	14,009,597	2,434,647	10,750,524
Discount income / (expenses) on trade receivables	4,566,848	2,518,144	603,224	1,111,339
Other expenses and losses	651,834	95,936	645,973	23,574
Donation expenses	2,000,000	-	-	-
	<b>19,709,332</b>	<b>17,538,291</b>	<b>10,429,846</b>	<b>12,329,074</b>

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

**28.1 Income from Investment Activities**

	01.01.- 30.06.2019	01.01.- 30.06.2018	01.04.- 30.06.2019	01.04.- 30.06.2018
Profit on sale of fixed assets	2,185,812	-	2,185,636	-
	<b>2,185,812</b>	<b>-</b>	<b>2,185,636</b>	<b>-</b>

**28.2 Expenses from Investment Activities**

	01.01.- 30.06.2019	01.01.- 30.06.2018	01.04.- 30.06.2019	01.04.- 30.06.2018
Losses on sale of fixed assets	700,214	-	688,830	-
	<b>700,214</b>	<b>-</b>	<b>688,830</b>	<b>-</b>

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

	01.01.- 30.06.2019	01.01.- 30.06.2018	01.04.- 30.06.2019	01.04.- 30.06.2018
Shares related with investment valued by the equity pick-up method	2,280,113	20,743,124	1,100,517	15,843,388
	<b>2,280,113</b>	<b>20,743,124</b>	<b>1,100,517</b>	<b>15,843,388</b>

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**NOTE 29 – FINANCIAL INCOME / EXPENSES**

**29.1 Financial Income**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>	<b>01.04.- 30.06.2019</b>	<b>01.04.- 30.06.2018</b>
Interest income	707,451	202,027	486,674	53,529
Maturity differences income from related parties (6-iii-g)	415,039	1,135,585	131,215	517,094
Foreign exchange income regarding financial activities	5,172,346	2,695,622	2,390,674	1,871,808
Foreign exchange income from related parties (6-iii-f)	-	89,498	-	89,498
Foreign exchange income arising from future contracts	431,289	1,799,732	386,389	1,346,952
	<b>6,726,125</b>	<b>5,922,464</b>	<b>3,394,952</b>	<b>3,878,881</b>

**29.2 Financial Expenses (-)**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>	<b>01.04.- 30.06.2019</b>	<b>01.04.- 30.06.2018</b>
Interest expenses	20,346,313	19,338,383	11,816,464	15,241,869
Interest expenses for related parties(6-iii-i)	-	75,527	-	75,527
Foreign exchange losses	71,349,081	107,748,215	28,287,035	64,988,536
Foreign expenses for related parties (6-iii-h)	517,289	44,276	(40,840)	44,276
Commission expenses of borrowings	5,332,272	1,038,192	2,854,462	640,131
Financial expenses from right of use assets	19,846	-	19,846	-
Maturity differences expenses	82,444	181,571	38,581	2
Foreign exchange losses arising from futures contracts	1,480,335	1,267,948	1,305,785	576,958
Other financial expenses	1,305,575	1,179,070	66,231	468,052
	<b>100,433,155</b>	<b>130,873,182</b>	<b>44,347,564</b>	<b>82,035,351</b>

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**NOTE 30 –TAX ASSETS AND LIABILITIES**

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

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

The applied effective interest rate in the year of 2019 is 22% (2018: 20%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 22% in 2019 (2018: 20%).

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.

*Investment Allowance Exemptions*

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



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According to this execution, Income and Corporation Taxpayers

a. As of 31 December 2005, its existence is subject and the investment allowance amount that was not able to be deducted from 2005 earnings,

b. In the extent of investment incentive certificate which were issued and based on the application before 24 April 2003, ante abolishment of Income Tax Legislation numbered 193 and dated 09 April 2003 and law numbered 4842, in the extent of certificate the commenced investment projects relying on 1, 2, 3, 4, 5 and 6th the article of appendix and the ones commenced after 01 January 2006,

c. In the extent of abolished 19th article of Income Tax Legislation numbered 193, they started investments prior to 01 January 2006, in terms of economical and technical completeness the ones started post the date,

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

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

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

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

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

**Withholding tax**

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

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*Deferred Tax*

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

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

	<b>30.06.2019</b>		<b>31.12.2018</b>	
	<b>Cumulative temporary differences</b>	<b>Deferred tax / (liability)</b>	<b>Cumulative temporary differences</b>	<b>Deferred tax / (liability)</b>
<u>Deferred tax assets:</u>				
Unearned interests on receivables	1,489,619	327,716	1,329,130	292,408
Severance pay provision	41,441,972	8,288,395	35,840,240	7,168,048
Unused vacation provisions	6,090,518	1,339,914	3,897,322	857,411
Reversal of capitalized financial expenses(except land, buildings)	76,160,484	15,232,097	74,496,306	14,899,261
Reversal of capitalized financial expenses (land, buildings)	30,186,880	3,018,688	27,929,218	2,792,922
Impairment for Investment Property	4,443,449	444,345	4,443,449	444,345
Provision for losses on association	-	-	3,687,129	368,713
Deductible retained losses	37,557,348	8,262,617	37,557,346	8,262,616
Foreign exchange	2,207,497	485,649	3,503,545	770,780
Forward	205,696	45,253	37,500	8,250
Other	15,607,718	3,433,698	10,241,451	2,253,119
<b>Deferred tax assets</b>		<b>40,878,372</b>		<b>38,117,873</b>
<u>Deferred tax liabilities:</u>				
Tangible assets (land, building, land improvements and depreciations), net	5,349,090	1,069,818	6,970,022	1,394,005
Liability discounts	2,900,129	638,028	3,077,229	676,991
Adjustment related to financial debts	2,987,628	657,278	1,788,904	393,559
Other	3,560,340	783,276	3,898,444	857,660
<b>Deferred tax liabilities</b>		<b>3,148,400</b>		<b>3,322,215</b>
<b>Deferred tax assets / (liabilities), net</b>		<b>37,729,972</b>		<b>34,795,658</b>

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

Within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated 05 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the said law, deferred tax assets and liabilities are recognized in the consolidated financial statements as of 30 June 2019 with a tax rate of 22% for the portion of temporary differences that will have a tax effect in 2018, 2019 and 2020 and 20% for temporary differences and 20% for 2021 and for after this year.

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For the period ended at 30 June 2019 and 2018 movements of deferred tax assets and liabilities are as follows:

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>
Current corporation tax	(340,646)	(441,287)
Deferred tax assets/(liabilities), net	2,733,225	21,003,130
	<b>2,392,579</b>	<b>20,561,843</b>

<b>Deferred Tax (Asset) / Liability Movements</b>	<b>01.01.- 30.06.2019</b>	<b>01.01.- 31.12.2018</b>
Opening balance	34,795,658	14,942,824
Deferred tax income / (expense)	2,733,225	19,693,452
Actuarial (gain) / loss effect prior periods	201,089	159,382
<b>Closing balance</b>	<b>37,729,972</b>	<b>34,795,658</b>

**NOTE 31 – EARNINGS PER SHARE**

	<b>01.01.- 30.06.2019</b>	<b>01.01.- 30.06.2018</b>	<b>01.04.- 30.06.2019</b>	<b>01.04.- 30.06.2018</b>
Net profit / (loss) for the period	(40,624,867)	(52,075,526)	(21,318,521)	(31,070,438)
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000	250,000,000	250,000,000
<b>Simple earnings and divided earnings per share (TRY)</b>	<b>(0.1625)</b>	<b>(0.2083)</b>	<b>(0.0853)</b>	<b>(0.1243)</b>

**NOTE 32 – FINANCIAL INSTRUMENTS**

<b>Financial assets</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Liquid assets	6,520,071	30,662,280
Trade receivables	131,203,836	157,251,225
Other receivables	14,343,550	8,573,056
Financial assets	--	6,668,303
<b>Financial liabilities</b>		
Borrowings	953,546,739	834,284,712
Lease payables	6,356,581	7,141,568
Other payables	2,138,647	7,608,981
Trade payables	212,931,162	175,216,695

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**NOTE 33 –NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**

**Financial Instruments**

**Credit Risk**

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

As of 30 June 2019, maximum net credit risk is as follows:

Credit risks exposed by types of financial instruments					
	Trade Receivables		Other Receivables		Bank
	Related Party	Third Party	Related Party	Third Party	Deposits
<b>Maximum net credit risk as of balance sheet date (A+B+C+D+E)</b>	36,420,560	94,783,276	7,075,010	7,253,819	6,310,885
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	36,420,560	94,783,276	7,075,010	7,253,819	6,310,885
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
The part under guarantee with collateral etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	716,311	-	-	-
Impairment (-)	-	(716,311)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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As of 31 December 2018, maximum net credit risk is as follows:

Credit risks exposed by types of financial instruments	Trade Receivables		Other Receivables		Bank
	Related Party	Third Party	Deposits	Third Party	Mevduat
<b>Maximum net credit risk as of balance sheet date (A+B+C+D+E)</b>	49,486,060	107,765,165	2,746,157	5,826,899	9,713,893
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	49,486,060	107,765,165	2,746,157	5,826,899	9,713,893
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-
The part under guarantee with collateral etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	731,311	-	-	-
Impairment (-)	-	(731,311)	-	-	-
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	-	-	-	-	-

### Liquidity risk

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

As of 30 June 2019, Group’s liquidity risk table is as follows:

30 June 2019						
Maturities according to agreement	Book Value	Contractual total cash out flow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
<b>Financial Liabilities Non Derivatives</b>	<b>1,194,835,325</b>	<b>1,302,724,330</b>	<b>267,747,576</b>	<b>553,501,904</b>	<b>319,337,140</b>	<b>162,137,710</b>
Financial borrowings	951,676,693	1,055,818,041	83,345,580	495,090,832	315,243,919	162,137,710
Financial leasing	6,356,581	7,204,111	779,021	2,331,869	4,093,221	-
Trade payables	212,931,162	215,831,291	161,194,023	54,637,268	-	-
- Related parties	107,753	110,273	110,273	-	-	-
- Other parties	212,823,409	215,721,018	161,083,750	54,637,268	-	-
Other liabilities	23,870,889	23,870,887	22,428,952	1,441,935	-	-
- Related parties	92,078	92,078	-	92,078	-	-
- Other parties	23,778,811	23,778,809	22,428,952	1,349,857	-	-
	<b>1,194,835,325</b>	<b>1,302,724,330</b>	<b>267,747,576</b>	<b>553,501,904</b>	<b>319,337,140</b>	<b>162,137,710</b>

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

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

#### Interest Rate Risk

The Group's financial liabilities exposure the Group to interest rate risk. The Group's financial liabilities mainly consist of fixed rate borrowings. As of 30 June 2019, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group's net profit will increase / decrease TRY 1,338,793

#### 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.

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As of 30 June 2019, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 99,653,216 more/less. (%20 evaluation/devaluation : 199,306,432 TRY).

*Foreign currency risk sensitivity*

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 10% against USD				
1-USD net asset / liability	(28,157,171)	28,157,171	(28,157,171)	28,157,171
2-Part of hedged from USD risk (-)	-	-	-	-
3-USD net effect (1+2)	(28,157,171)	28,157,171	(28,157,171)	28,157,171
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(71,784,996)	71,784,996	(71,784,996)	71,784,996
5- Part of hedged from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(71,784,996)	71,784,996	(71,784,996)	71,784,996
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	288,909	(288,909)	288,909	(288,909)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	288,909	(288,909)	288,909	(288,909)
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	42	(42)	42	(42)
11- Part of hedged from CHF risk (-)	-	-	-	-
12-CHF net effect(10+11)	42	(42)	42	(42)
TOTAL (3+6+9+12)	(99,653,216)	99,653,216	(99,653,216)	99,653,216

As of 31 December 2018, if TRY evaluation / devaluation against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 78,144,667 more/less.

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*Foreign currency risk sensitivity*

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



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**Risk of intensification of sales**

During the reporting periods ending on 30 June 2019 and 2018, the risk of intensification of the Group's sales is due to sales from textile sector operations.

The sales activities of the Group are determined according to fluctuations in the domestic and international markets and competition conditions. It is paid attention to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. As of 30 June 2019, the rate of buyer has biggest portion in revenue from textile activities is 66.56 % and the rate of buyer has the biggest portion in the revenue from agricultural activities is 80.63 % (30 June 2018: the rate of buyer has the biggest portion in the revenue from textile is 51.48% and portion in the revenue from agricultural activities 61.77%).

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

Textile:

Customer	01.01.-30.06.2019	01.01.-30.06.2018
A Company	66.56%	51.48%
	66.56%	51.48%

Agriculture:

Customer	01.01.-30.06.2019	01.01.-30.06.2018
B Company	80.63%	61.77%
	80.63%	61.77%

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As of 30 June 2019, amounts of assets and liabilities of the Group in foreign currency are as follows:

	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	54,946,997	5,934,691	2,733,380	396,226	-
2a. Monetary Financial Assets (including cash and banks)	6,826,255	436,059	658,539	327	71
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>61,773,252</b>	<b>6,370,750</b>	<b>3,391,919</b>	<b>396,553</b>	<b>71</b>
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	17,690,408	37,149	2,667,900	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>17,690,408</b>	<b>37,149</b>	<b>2,667,900</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>79,463,660</b>	<b>6,407,899</b>	<b>6,059,819</b>	<b>396,553</b>	<b>71</b>
10. Trade Payables	114,757,632	17,723,086	1,947,807	-	-
11. Financial Liabilities	577,671,818	19,321,812	71,209,620	-	-
12a. Other monetary financial liabilities	10,071	1,750	-	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>692,439,521</b>	<b>37,046,648</b>	<b>73,157,427</b>	<b>-</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	376,650,169	17,086,847	42,486,094	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>376,650,169</b>	<b>17,086,847</b>	<b>42,486,094</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities</b>	<b>1,069,089,690</b>	<b>54,133,495</b>	<b>115,643,521</b>	<b>-</b>	<b>-</b>
<b>19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)</b>	<b>(6,906,120)</b>	<b>(1,200,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Off-balance sheet foreign currency derivative assets	4,604,080	800,000	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	11,510,200	2,000,000	-	-	-
<b>20. Net foreign currency asset / liabilities (9-18+19)</b>	<b>(996,532,150)</b>	<b>(48,925,596)</b>	<b>(109,583,702)</b>	<b>396,553</b>	<b>71</b>
<b>21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(989,626,029)</b>	<b>(47,725,596)</b>	<b>(109,583,702)</b>	<b>396,553</b>	<b>71</b>
<b>22. Fair value of derivative instruments used in foreign currency hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Exports(*)</b>	<b>349,242,846</b>	<b>1,107,235</b>	<b>10,942,865</b>	<b>699,233</b>	<b>-</b>
<b>24. Imports(**)</b>	<b>224,436,770</b>	<b>35,252,359</b>	<b>3,410,099</b>	<b>12,913</b>	<b>8,557</b>

(\*) The Group has TRY 270,506,268 export for the period of 01.01.-30.06.2019

(\*\*) The Group has TRY 535,811 import for the period of 01.01.-30.06.2019.

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

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

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

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

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**NOTE 34 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)**

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

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

Financial Assets

Monetary assets for which fair value approximates carrying value:

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

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

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

Capital Risk Management

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

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

As of 30 June 2019 and 31 December 2018, net debt / total equity ratio is as follows:

	<b>30.06.2019</b>	<b>31.12.2018</b>
Total debts	1,248,619,163	1,088,426,940
Liquid assets	(6,520,071)	(30,662,280)
Net debt	1,242,099,092	1,057,764,660
Total equity	202,237,495	247,584,184
Total capital	1,444,336,587	1,305,348,844
Net Debt/Total Equity Ratio	86%	81%

**NOTE 35 – POST BALANCE SHEET EVENTS**

None.