

**MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED FINANCIAL STATEMENTS  
AND AUDITORS' REVIEW REPORT  
FOR THE INTERIM PERIOD ENDED AT 30 SEPTEMBER 2020**

CONTENTS	PAGE
<b>Consolidated Financial Statements</b> .....	1-2
<b>Consolidated Income Statements and Other Comprehensive Income Statements</b> .....	3
<b>Consolidated Changes in Equity Statements</b> .....	4
<b>Consolidated Cash Flows Statements</b> .....	5-6
<b>Notes to the Consolidated Financial Statements</b> .....	7-83
NOTE 1 Organization and Nature of Activities.....	7-8
NOTE 2 Basis of Presentation of Financial Statements.....	9-29
NOTE 3 Segment Reporting.....	30-34
NOTE 4 Cash and Cash Equivalents .....	35
NOTE 5 Financial Investments.....	35
NOTE 6 Related Party Transactions .....	36-40
NOTE 7 Trade Receivables and Trade Payables.....	41-42
NOTE 8 Financial Borrowings.....	43-45
NOTE 9 Other Receivables and Payables.....	46
NOTE 10 Inventories.....	47
NOTE 11 Biological Assets.....	47
NOTE 12 Prepaid Expenses and Deferred Income.....	48
NOTE 13 Current Period Tax Income Assets.....	48
NOTE 14 Investments Valued with Equity Pick-up Method.....	49
NOTE 15 Investment Properties.....	50
NOTE 16 Tangible Fixed Assets .....	51-52
NOTE 17 Right of Use Assets .....	52
NOTE 18 Intangible Assets .....	53
NOTE 19 Provisions, Contingent Assets and Liabilities.....	54-56
NOTE 20 Short Term Provisions.....	57
NOTE 21 Employee Benefit Liabilities.....	58
NOTE 22 Other Current Assets and Liabilities.....	58
NOTE 23 Share Capital.....	58-60
NOTE 24 Sales and Cost of Sales.....	61-63
NOTE 25 Research and Development General Administrative Expenses and Marketing Expenses.....	64-65
NOTE 26 Other Operating Income/(Expenses).....	66
NOTE 27 Investment Activities Income / (Expenses).....	67
NOTE 28 Finance Income / (Expenses).....	68
NOTE 29 Tax Assets and Liabilities.....	69-72
NOTE 30 Earnings Per Share.....	72
NOTE 31 Financial Instruments.....	72
NOTE 32 Nature and Level of Risks Derived From Financial Instruments.....	73-81
NOTE 33 Financial Instruments (Fair Value Disclosures and Hedge Accounting Disclosures).....	82
NOTE 34 Other Issues Affecting the Consolidated Financial Statements Significantly or Required to be Disclosed for Clear, Understandable and Interpretable Presentation .....	83

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**

CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2020

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

		<i>Unreviewed</i>	<i>Audited</i>
<b>ASSETS</b>	<b>Footnote</b>	<b>Current Period</b>	<b>Prior Period</b>
	<b>References</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
<b>Current Assets</b>		<b>1,067,246,731</b>	<b>731,777,880</b>
Cash and Cash Equivalents	4	29,905,744	30,933,504
Trade Receivables		368,622,897	124,239,432
<i>Trade Receivables from Related Parties</i>	6-7	99,654,186	46,036,187
<i>Trade Receivables from Third Parties</i>	7	268,968,711	78,203,245
Other Receivables		38,109,770	13,888,782
<i>Other Receivables from Related Parties</i>	6-9	19,459,608	6,367,331
<i>Other Receivables from Third Parties</i>	9	18,650,162	7,521,451
Inventories	10	526,992,578	466,218,932
Biological Assets	11	8,299,483	3,814,567
Prepaid Expenses	12	7,449,589	5,172,751
Current Tax Assets	13	1,182,424	601,656
Other Current Assets	22	86,684,246	86,908,256
<b>Non-Current Assets</b>		<b>916,086,997</b>	<b>798,537,085</b>
Other Receivables	9	119,520	155,520
Investments Valued by Equity Pick-up Method	14	172,449,476	161,886,255
Investment Properties	15	66,145,000	66,075,000
Tangible Assets	16	601,511,858	487,389,051
Right of Use Assets	17	503,678	947,363
Intangible Assets	18	10,837,508	9,994,902
Prepaid Expenses	12	3,202,234	34,666,257
Deferred Tax Assets	29	61,317,723	37,422,737
<b>TOTAL ASSETS</b>		<b>1,983,333,728</b>	<b>1,530,314,965</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 SEPTEMBER 2020

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

		<i>Unreviewed</i>	<i>Audited</i>
<b>LIABILITIES</b>	<b>Footnote References</b>	<b>Current Period 30.09.2020</b>	<b>Prior Period 31.12.2019</b>
<b>Current Liabilities</b>		<b>1,041,462,869</b>	<b>827,606,353</b>
Short Term Borrowings		455,717,881	384,853,677
- Bank Loans	8	455,717,881	384,853,677
Current Installments of Long Term Financial Borrowings		246,506,512	148,034,318
- Bank Loans	8	240,867,816	143,584,954
- Leasing Payables	8	5,208,787	3,865,231
- Other Current Installments of Long Term Financial Borrowings	8	429,909	584,133
Trade Payables		284,810,124	267,149,534
Trade Payables to Related Parties	6-7	5,299	-
Trade Payables to Third Parties	7	284,804,825	267,149,534
Employee Benefit Liabilities	21	19,006,291	13,910,161
Other Payables		20,680,439	2,452,989
Other Payables to Related Parties	6-9	734,597	85,050
Other Payables to Third Parties	9	19,945,842	2,367,939
Deferred Income	12	7,023,656	4,032,874
Current Tax Liabilities of Period Profit	29	764,866	-
Current Provisions		6,953,100	7,172,800
Provision for employee benefits	20	6,516,019	6,735,719
Other current provisions	20	437,081	437,081
<b>Non-Current Liabilities</b>		<b>960,605,291</b>	<b>521,646,259</b>
Long Term Borrowings		897,114,550	468,143,313
- Bank Loans	8	895,481,622	464,022,276
- Leasing Payables	8	1,470,680	3,659,549
- Other Long Term Borrowings	8	162,248	461,488
Long Term Provisions		54,527,566	48,560,363
Long Term Provisions for Employee Benefits	20	54,527,566	48,560,363
Deferred Tax Liabilities	29	8,963,175	4,942,583
<b>Equity</b>		<b>(18,734,432)</b>	<b>181,062,353</b>
<b>Parent Company's Equity</b>		<b>17,367,249</b>	<b>196,126,309</b>
Paid in Capital	23.1	250,000,000	250,000,000
Inflation Adjustments of Capital	23.2	485,133	485,133
Effect of mergers involving undertakings or businesses subject to common control	3	(25,567,435)	(25,567,435)
Accumulated Other Comprehensive Income or Expenses not to be Reclassified on Profit or Loss			
Defined Benefit Plans Re-Measurement Gains / (Losses)	23.3	2,258,756	(28,816)
Restricted Reserves	23.4	10,460,462	10,460,462
Legal Reserves	23.4	10,460,462	10,460,462
Retained Earnings / Losses	23.5	(39,223,035)	(25,858,051)
Net Profit / (Loss) for the Period		(181,046,632)	(13,364,984)
<b>Minority Interests</b>	23.6	<b>(36,101,681)</b>	<b>(15,063,956)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,983,333,728</b>	<b>1,530,314,965</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 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

		<i>Unrewieved</i>	<i>Unrewieved</i>	<i>Unrewieved</i>	<i>Unrewieved</i>
		<b>Current</b>	<b>Prior Period</b>	<b>Prior Period</b>	<b>Prior Period</b>
	<b>Footnote</b>	<b>Period</b>	<b>01.01-</b>	<b>01.07-</b>	<b>01.07-</b>
	<b>References</b>	<b>01.01-</b>	<b>01.01-</b>	<b>01.07-</b>	<b>01.07-</b>
		<b>30.09.2020</b>	<b>30.09.2019</b>	<b>30.09.2020</b>	<b>30.09.2019</b>
Revenue	24.1	1,252,621,975	1,047,228,654	629,703,124	485,447,026
Cost of Sales (-)	24.2	(1,028,509,861)	(926,203,109)	(491,597,587)	(434,838,035)
<b>Gross Profit / (Loss)</b>		<b>224,112,114</b>	<b>121,025,545</b>	<b>138,105,537</b>	<b>50,608,991</b>
General Administrative Expenses (-)	25.3	(25,991,379)	(17,391,088)	(9,737,479)	(5,925,119)
Marketing Expenses (-)	25.2	(36,974,561)	(25,923,461)	(18,954,611)	(12,108,893)
Research and Development Expenses (-)	25.1	(3,179,468)	(4,845,065)	(2,227,357)	(2,103,194)
Other Operating Income	26.1	53,222,263	28,689,444	28,997,990	8,350,287
Other Operating Expenses (-)	26.2	(31,437,347)	(23,089,203)	(6,248,125)	(3,379,871)
<b>Operating Profit / (Loss)</b>		<b>179,751,622</b>	<b>78,466,172</b>	<b>129,935,955</b>	<b>35,442,201</b>
Income from Investment Activities	27.1	621,831	3,052,873	613,631	867,061
Expenses from Investment Activities (-)	27.2	-	(720,465)	-	(20,251)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	27.3	10,563,221	4,176,595	5,885,046	1,896,482
<b>Operating Activity Profit/(Loss) Before Financial Expense</b>		<b>190,936,674</b>	<b>84,975,175</b>	<b>136,434,632</b>	<b>38,185,493</b>
Financial Income	28.1	16,081,902	54,832,982	8,161,989	48,106,857
Financial Expenses (-)	28.2	(428,799,183)	(124,809,051)	(232,840,404)	(19,815,091)
<b>Operating Activity Profit/(Loss) Before Taxation</b>		<b>(221,780,607)</b>	<b>14,999,106</b>	<b>(88,243,783)</b>	<b>66,477,259</b>
<b>Operating Activity Tax Income/(Expense)</b>					
Current Tax Income/(Expense)	29	(764,866)	-	194,312	340,646
Deferred Tax Income/(Expense)	29	20,449,252	(3,800,611)	6,489,450	(6,533,836)
<b>Current Period Operating Activity Profit / (Loss)</b>		<b>(202,096,221)</b>	<b>11,198,495</b>	<b>(81,560,021)</b>	<b>60,284,069</b>
<b>Profit/(Loss) for the Period</b>		<b>(202,096,221)</b>	<b>11,198,495</b>	<b>(81,560,021)</b>	<b>60,284,069</b>
<b>Distribution of the Period Income/(Loss)</b>					
Minority Interests	23.6	(21,049,589)	(1,157,758)	(12,585,455)	2,742,144
Parent Company's Shares		(181,046,632)	12,356,253	(68,974,566)	57,541,925
<b>Earnings Per Share</b>	<b>30</b>	<b>(0.7242)</b>	<b>0.0494</b>	<b>(0.2759)</b>	<b>0.2302</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)		2,874,294	(753,740)	402,502	251,705
- Deferred Tax Income / (Expense)		(574,858)	150,748	(80,500)	(50,341)
<b>Other Comprehensive Income</b>		<b>2,299,436</b>	<b>(602,992)</b>	<b>322,002</b>	<b>201,364</b>
<b>Total Comprehensive Income/(Expense)</b>		<b>(199,796,785)</b>	<b>10,595,503</b>	<b>(81,238,019)</b>	<b>60,485,433</b>
<b>Distribution of Total Comprehensive Income</b>					
Minority Interests		(21,037,725)	(1,162,448)	(12,578,285)	2,742,795
Parent Company's Shares		(178,759,060)	11,757,951	(68,659,734)	57,742,638

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 SEPTEMBER 2020**  
(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	Paid in Capital	Inflation Adjustments of Capital	Effect of Mergers Involving Undertakings or Businesses Subject to Common Control	Defined Benefit Plans Re-Measurement Gains (Losses)	Restricted Reserves	Retained Earnings / Losses	Net Profit/Loss For The Period	Parent Company's Equity	Minority Interests	Total Equity
<b>Balances reported at 01.01.2019</b>		250,000,000	485,133	(25,567,435)	239,108	10,209,777	95,896,998	(72,953,293)	258,310,288	(10,726,104)	247,584,184
<b>Adjustment related to errorss</b>		-	-	-	-	-	(34,809,593)	(13,741,478)	<b>(48,551,071)</b>	-	(48,551,071)
<b>Balances revised at 01.01.2019</b>	<b>23</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>61,087,405</b>	<b>(86,694,771)</b>	<b>209,759,217</b>	<b>(10,726,104)</b>	<b>199,033,113</b>
Transfers	23	-	-	-	-	250,685	(86,945,456)	86,694,771	-	-	-
<b>Total Comprehensive Income/(Loss)</b>		-	-	-	<b>(598,302)</b>	-	-	<b>12,356,253</b>	<b>11,757,951</b>	<b>(1,162,448)</b>	<b>10,595,503</b>
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	12,356,253	12,356,253	(1,157,758)	11,198,495
- Other Comprehensive Income/(Expense)	23	-	-	-	(598,302)	-	-	-	(598,302)	(4,690)	(602,992)
<b>Balances at 30.09.2019</b>	<b>23</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>(359,194)</b>	<b>10,460,462</b>	<b>(25,858,051)</b>	<b>12,356,253</b>	<b>221,517,168</b>	<b>(11,888,552)</b>	<b>209,628,616</b>
<b>Balances at 01.01.2020</b>	<b>23</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>(28,816)</b>	<b>10,460,462</b>	<b>(25,858,051)</b>	<b>(13,364,984)</b>	<b>196,126,309</b>	<b>(15,063,956)</b>	<b>181,062,353</b>
Transfers	23	-	-	-	-	-	(13,364,984)	13,364,984	-	-	-
<b>Total Comprehensive Income/(Loss)</b>		-	-	-	<b>2,287,572</b>	-	-	<b>(181,046,632)</b>	<b>(178,759,060)</b>	<b>(21,037,725)</b>	<b>(199,796,785)</b>
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	(181,046,632)	(181,046,632)	(21,049,589)	(202,096,221)
- Other Comprehensive Income/(Expense)	23	-	-	-	2,287,572	-	-	-	2,287,572	11,864	2,299,436
<b>Balances at 30.09.2020</b>	<b>23</b>	<b>250,000,000</b>	<b>485,133</b>	<b>(25,567,435)</b>	<b>2,258,756</b>	<b>10,460,462</b>	<b>(39,223,035)</b>	<b>(181,046,632)</b>	<b>17,367,249</b>	<b>(36,101,681)</b>	<b>(18,734,432)</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 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	<i>Unreviewed</i> Current Period 01.01- 30.09.2020	<i>Unreviewed</i> Prior Period 01.01- 30.09.2019
<b>CASH FLOWS FROM THE OPERATING ACTIVITIES</b>		<b>(162,346,882)</b>	<b>(111,320,823)</b>
<b>Profit/(Loss) for the Period</b>			
<b>Current Period Operating Activity Profit / (Loss)</b>		<b>(202,096,221)</b>	<b>11,198,495</b>
<b>Adjustments Related with Net Profit/Loss for The Period</b>		<b>298,258,751</b>	<b>44,534,807</b>
Adjustments for depreciation, amortisation expenses	16-17-18	29,759,292	23,972,836
Adjustments to Impairment (Cancellation)			
- Adjustments to Impairment (Cancellation) in Receivables	7	(16,949)	(880,129)
Adjustments related to the provisions			
- Adjustments for employee termination benefits	20-25.2-25.3	8,266,639	7,976,200
- Adjustment for provision for expenses and lawsuits	20	-	(229,372)
- Adjustment for other provisions or reversals	20	(219,700)	3,244,700
Adjustments for interest income and expenses			
- Adjustments for interest expenses	8-29	8,303,532	8,241,112
- Unearned income from futures sale	26.1	3,208,105	3,595,211
- Deferred financial expense arise from forward purchasing	26.2	(4,938,514)	(5,178,846)
Adjustments for fair value income or loss			
- Adjustments for financial assets fair value losses /(profits)	5	-	3,687,129
- Adjustments for financial instruments fair value losses /(profits)	28	-	(431,892)
Adjustment for unrealized currency translation differences		284,333,961	1,064,590
Adjustments for retained earnings of investments subject to equity pick-up method			
- Adjustment for retained earnings of subsidiaries	27.3	(10,563,221)	(4,176,595)
Tax payments/returns	29	(19,874,394)	3,649,863
<b>Changes in the Company Capital</b>		<b>(259,274,278)</b>	<b>(166,697,732)</b>
Adjustments for increase/decrease in financial assets	5	-	2,931,174
Adjustments for increase/decrease in trade receivables			
- Adjustments for increase/decrease in trade receivables from related parties	6-7	(53,617,999)	(35,767,370)
- Adjustments for increase/decrease in trade receivables from third parties	7	(193,956,622)	(47,297,504)
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	6-9	(13,092,277)	(29,244,170)
- Adjustments for increase/decrease in other receivables from third parties related to the operations	9-13-22	(11,449,469)	(23,091,618)
Adjustments for increase/decrease in inventories	10	(60,773,646)	(136,135,558)
Adjustments related to the increase/decrease in biological assets	11	(4,484,916)	(1,739,921)
Adjustments for increase/decrease in prepaid expenses	12	29,187,185	2,199,255
Adjustments for increase/decrease in trade payables			
- Adjustments for increase/decrease in trade payables to related parties	6-7	5,299	(6,434,570)
- Adjustments for increase/decrease in trade payables to third parties	7	22,593,805	108,442,432
Increase/decrease in employee benefits liabilities	21	5,096,130	1,231,365
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	649,547	3,640,456
- Adjustments for increase/decrease in other payables from third parties related to the operations	9	17,577,903	(4,655,809)
Increase/decrease in deferred tax	12	2,990,782	(775,894)
<b>Cash Flow from Operating Activities</b>		<b>(163,111,748)</b>	<b>(110,964,430)</b>
Tax payments/returns	29	764,866	(356,393)

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 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	<i>Unreviewed</i>	<i>Unreviewed</i>
	<b>Current Period</b>	<b>Prior Period</b>
<b>Footnote</b>	<b>01.01-</b>	<b>01.01-</b>
<b>References</b>	<b>30.09.2020</b>	<b>30.09.2019</b>
<b>NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES</b>	<b>(144,351,020)</b>	<b>(35,620,544)</b>
Proceeds from sale of property, plant, equipment and intangible assets		
- Proceeds from sale of tangible assets	16 185,596	8,987,541
Cash outflows from purchase of property, plant, equipment and intangible assets		
- Cash outflows from purchase of tangible assets	16 (142,620,873)	(53,310,025)
- Cash outflows from purchase of intangible assets	18 (1,845,743)	(2,808,060)
Cash outflows from purchase of investment property	15 (70,000)	(10,000)
Dividends Received	28 -	11,520,000
<b>CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES</b>	<b>305,670,142</b>	<b>137,143,244</b>
Cash inflows from financial liabilities		
- Cash inflows from bank loans	988,890,732	635,096,108
Cash outflows from financial liabilities		
- Cash outflows for bank loans	(681,921,813)	(497,905,967)
- Cash outflows from other financial liabilities	8 (453,464)	(677,872)
Cash outflows from finance leases	8 (845,313)	630,975
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN EXCHANGE CURRENCY DIFFERENCES (A+B+C)</b>	<b>(1,027,760)</b>	<b>(9,798,123)</b>
<b>CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE</b>	<b>(1,027,760)</b>	<b>(9,798,123)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD</b>	<b>4 30,933,504</b>	<b>30,662,280</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4 29,905,744</b>	<b>20,864,157</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 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

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

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

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

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

- Aktur 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 September 2020, 4,078 personnel are employed by the Company and average number of personnel is 4,083 for the period of 01.01-30.09.2020.

Company shares are traded in the Borsa Istanbul since 2000.

**Production Capacity (Textile)**

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

<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> e	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**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

---

**Smyrna Seracılık Ticaret A.Ş.**

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

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

<b>Product</b>	<b>Unit</b>	<b>Quantity</b>
Tomato	Ton	6,480

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

As of 30 September 2020, 264 personnel are employed by the Company and the average number of personnel is 256 for the period of 01.01-31.09.2020.

**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 September 2020, 37 personnel are employed by the Company and the average number of personnel is 36 for the period of 01.01-30.09.2020.

**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 133,070,400 kilowatt. Tan Elektrik Üretim A.Ş. started producing electricity at October 2014.

As of 30 September 2020, 12 personnel are employed by the Company and the average number of personnel is 12 for the period of 01.01-30.09.2020.

**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.

## **NOT 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

### **2.a. Basis of Presentation**

#### **Compliance Statement**

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

#### **The Preparation of Financial Statements**

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

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

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

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

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 9 November 2020 Boards of Directors have authority to change financial statements.

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

As of 30 September 2020 and 31 December 2019, Group's functional and reporting currency unit is represented in TRY compared to previous periods.

#### **Rounding of amounts presented in financial statements**

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

#### **Offsetting**

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

### Going Concern

The Group prepared the consolidated financial statements assuming that the Group will continue as a going concern and does not expect any going concern risk. The gross profit of the Group as of 30 September 2020 is TRY 224,112,114. As of 30 September 2020, the Group's previous years loss is TRY 39,223,035, the net loss for the parent company's is TRY 181,046,632, and its current assets exceed its short-term liabilities by TRY 25,783,862.

With the Communiqué of Ministry of Trade published in the Official Gazette dated 15 September 2018 regarding the regulation on loss of capital and excess of liabilities over assets in relation to Article 376 of Turkish Commercial Code No. 6102 (“TCC”), it has been decided that, unrealized foreign exchange losses incurred from the foreign exchange based financial liabilities which are not yet fulfilled can be excluded from the calculation of loss of capital and excess of liabilities over assets. In relation to this regulation, it is calculated that, unrealized foreign exchange losses recognised under retained earnings/(losses) amounting to TRY 360,309,707 will be excluded from the calculation of loss of capital and excess of liabilities over assets by adding back to the total equity. In conclusion, it is seen that total equity and legal reserves have preserved.

The Covid-19 outbreak, declared as a pandemic by the World Health Organization (WHO) on 11 March 2020, and the measures taken against the pandemic continue to cause disruptions in operations and negatively affect economic conditions in all countries affected by the pandemic.

As a result, asset prices, liquidity, exchange rates, interest rates and many other issues are affected and the future remains uncertain due to the effects of the pandemic. The Group management closely monitors all developments, makes detailed evaluations and takes the necessary measures in order to minimize the possible negative effects of the Covid-19 epidemic on activities, financial status, financial performance and cash flows.

### Basis of Consolidation

The capital structure of subsidiaries and participations are as follows:

Subsidiaries	Consolidation Method	Menderes' share		
		Direct Share y	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.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

As of 30 September 2020 and 31 December 2019, the capital structure of subsidiaries and participations are as follows:

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

	<b>30.09.2020</b>	<b>31.12.2019</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>30.09.2020</b>	<b>31.12.2019</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	53.57	28.51
Rıza Akça	21.67	34.19
Dilek Göksan	10.83	17.10
Ahmet Bilge Göksan	10.83	17.10
Menderes Tekstil Pazarlama A.Ş.	3.10	3.10
	<b>%100</b>	<b>%100</b>

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	<b>30.09.2020</b>	<b>31.12.2019</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>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Tan Elektrik Üretim A.Ş. (Subsidiary)

	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>Ratio %</b>	<b>Ratio %</b>
Menderes Tekstil Sanayi ve Ticaret A.Ş.	66.00	66.00
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	28.00	28.00
Smyrna Seracılık A.Ş.	2.40	2.40
Akça Holding A.Ş.	2.00	2.00
Other	1.60	1.60
	<b>%100</b>	<b>%100</b>

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

	<b>30.09.2020</b>	<b>31.12.2019</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 Tar. 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>30.09.2020</b>	<b>31.12.2019</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 2019.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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

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

During the retrospective analysis, it was determined that in the financial transactions with Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş, which is a related party of the Group, the exchange rate differences calculated in TRY were inadvertently added to the USD balance in the currency valuation made in the March, June, and September 2013.

As a result of the period ended on 31 December 2013, the amount of liability, which should have been shown as USD 8,555,320, was increased by USD 9,228,663 and reported as USD 17,783,982.

As a result of the correction of the USD 9,228,663 principal receivable that occurred in favor of the Company due to incorrect currency evaluations performed during the 2013 operating period, a total of TRY 54,820,102, including TRY 19,696,735 principal and foreign exchange difference and TRY 35,123,367 foreign exchange difference adjustment in other years, was retrospectively corrected (Note: 34). The summary of the differences resulting from the foreign currency valuation of the related balance as of previous periods is as follows;

	01 January - 30 September 2019		
	Reported	Adjustment	Revised
<b>Profit and Loss Statement</b>			
Financial Expenses	(121,134,197)	(3,674,854)	(124,809,051)
<b>Total</b>		<b>(3,674,854)</b>	

**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 September 2020 with financial statements dated 31 December 2019, 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 September 2020 with 01 January - 30 September 2019 comparatively. It performed reclassifications for the period of 01 January- 30 September 2019 in order to compare financial statements and performance trends. The related reclassifications have no impact on net profit / (loss) for the period.

TRY 3,092,315 of personnel expense shown in " Research and Development Expenses " account in profit or loss for the period ended 01 January – 30 September 2019 and other comprehensive income is classified under " Cost of sales" account.

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

The Company has applied the new and amended standards and interpretations issued by the POA as of 1 January 2020 and related to its field of activity.

*The new standards, amendments and interpretations which are effective as at 30 September 2020 are as follows:*

Effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, ‘Presentation of financial statements and TAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other TFRS’s:

- i) use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting
- ii) clarify the explanation of the definition of material;and
- iii) incorporate some of the guidance in TAS 1 about immaterial information

**Amendments to IFRS 3 - definition of a business;** Effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. The amendments will not have an impact on the financial position or performance of the Company.

**Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform;** effective from annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. The amendments will not have an impact on the financial position or performance of the Company.

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



*The new standards, amendments and interpretations which are not yet effective as at 30 September 2020 are as follows:*

**IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The amendments will not have an impact on the financial position or performance of the Company.

**TAS 1, “Presentation of financial statements”** amendment regarding the classification of liabilities; Valid for annual reporting periods starting on January 1, 2022 or after this date. TAS 1 describes these narrow changes in the "presentation of financial statements" standard that liabilities are classified as current or non-current depending on the rights existing at the end of the reporting period. The amendment also clarifies what it means to “pay” an obligation of TAS 1. The Group is evaluating the impact of the standard on its financial position and performance.

**A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.

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

Annual Improvements causes minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

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

### **Revenue Recognition**

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

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

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

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

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

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

### **Interest Income**

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

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

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

**Intangible Assets**

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

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

### **Investment Properties**

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.

### **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.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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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 of loss. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

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

#### ***Recognition and Measurement***

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

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

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

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

### ***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 1 year). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

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

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

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

### **Cash and cash equivalents**

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

### **Financial liabilities**

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

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

### ***Equity instruments***

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

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

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

### **Trade payables**

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



**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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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:

	30.09.2020	31.12.2019
USD	7.8080	5.9402
EUR	9.1281	6.6506
GBP	10.0309	7.7765
CHF	8.4413	6.0932

**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.

### **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 September 2020, such payments are calculated on the basis of 30 days’ pay limited to a maximum of TRY 7,117 (31 December 2019: TRY 6,380) 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:

	30.09.2020	31.12.2019
Interest rate	% 12.60	% 11.76
Inflation rate	% 6.70	% 5.40
Discount rate	% 5.53	% 6.03

### **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.

## **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.

### **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.

## **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 September 2020, deferred tax asset is recognized for temporary losses on taxable temporary differences amounting to TRY 56,749,714 which can be foreseen on temporary differences arising from tax deductions and can be utilized in the period in which the tax deduction period can be utilized.

### ***Provision for severance pay***

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

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

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

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

***Useful lives:***

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

***Provisions for litigation:***

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

***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.

## **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.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 3 – SEGMENT REPORTING**

<b>30 September 2020</b>	<b>Textile Sector</b>	<b>Agricultural Sector</b>	<b>Energy Sector</b>	<b>Elimination</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	17,198,187	52,669	12,654,888	-	29,905,744
Trade Receivables	255,451,387	97,887,083	15,284,427	-	368,622,897
Other Receivables	182,048,746	74,831	112,010	(144,125,817)	38,109,770
Inventories	410,513,718	114,698,374	1,780,486	-	526,992,578
Biological Assets	-	8,299,483	-	-	8,299,483
Prepaid Expenses	6,240,774	191,374	1,017,441	-	7,449,589
Current Tax Assets	215,832	960,832	5,760	-	1,182,424
Other Current Assets	78,667,686	6,681,479	1,335,081	-	86,684,246
<b>Current Assets</b>	<b>950,336,330</b>	<b>228,846,125</b>	<b>32,190,093</b>	<b>(144,125,817)</b>	<b>1,067,246,731</b>
Financial Investments	82,180,000	1,142,000	12,800,010	(96,122,010)	-
Other Receivables	52,992	14,721	51,807	-	119,520
Investments Valued by Equity Pick-up Method	172,449,476	-	-	-	172,449,476
Investment Properties	66,145,000	-	-	-	66,145,000
Tangible Assets	187,640,026	16,327,167	397,544,665	-	601,511,858
Right of use assets	371,213	-	132,465	-	503,678
Intangible Assets	10,772,159	20,789	44,560	-	10,837,508
Prepaid Expenses	1,627,575	1,225,631	349,028	-	3,202,234
Deferred Tax Assets	30,091,229	737,708	33,711,265	(3,222,479)	61,317,723
<b>Non-Current Assets</b>	<b>551,329,670</b>	<b>19,468,016</b>	<b>444,633,800</b>	<b>(99,344,489)</b>	<b>916,086,997</b>
<b>TOTAL ASSETS</b>	<b>1,501,666,000</b>	<b>248,314,141</b>	<b>476,823,893</b>	<b>(243,470,306)</b>	<b>1,983,333,728</b>
<b>LIABILITIES</b>					
Financial Borrowings	443,367,881	12,350,000	-	-	455,717,881
Current Installments of Long Term Financial Borrowings	170,096,378	-	76,410,134	-	246,506,512
Trade Payables	197,760,661	64,416,182	22,633,281	-	284,810,124
Employee Benefits Liabilities	17,870,215	806,519	329,557	-	19,006,291
Other Payables	19,171,888	124,825,832	20,808,536	(144,125,817)	20,680,439
Deferred Income	1,473,587	-	5,550,069	-	7,023,656
Current Tax Liabilities of Period Profit	-	764,866	-	-	764,866
Current Provisions	6,119,431	352,695	480,974	-	6,953,100
<b>Current Liabilities</b>	<b>855,860,041</b>	<b>203,516,094</b>	<b>126,212,551</b>	<b>(144,125,817)</b>	<b>1,041,462,869</b>
Long Term Borrowings	418,505,788	-	478,608,762	-	897,114,550
Provisions For Long Term Employee Benefits	52,563,388	1,677,540	286,638	-	54,527,566
Deferred Tax Liabilities	924,014	694,770	10,566,870	(3,222,479)	8,963,175
<b>Non-Current Liabilities</b>	<b>471,993,190</b>	<b>2,372,310</b>	<b>489,462,270</b>	<b>(3,222,479)</b>	<b>960,605,291</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)	2,224,979	90,989	(48,450)	(8,762)	2,258,756
Restricted Reserves	10,147,245	313,217	127,759	(127,759)	10,460,462
Retained Earnings / Losses	52,006,849	(1,163,921)	(154,700,001)	64,634,038	(39,223,035)
Net Profit / Loss for the Period	(141,051,437)	31,185,452	(92,230,236)	21,049,589	(181,046,632)
Minority Interest	-	-	-	(36,101,681)	(36,101,681)
<b>SHAREHOLDERS' EQUITY</b>	<b>173,812,769</b>	<b>42,425,737</b>	<b>(138,850,928)</b>	<b>(96,122,010)</b>	<b>(18,734,432)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,501,666,000</b>	<b>248,314,141</b>	<b>476,823,893</b>	<b>(243,470,306)</b>	<b>1,983,333,728</b>



**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

<b>31 December 2019</b>	<b>Textile Sector</b>	<b>Agricultural Sector</b>	<b>Energy Sector</b>	<b>Elimination</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	29,872,164	739,196	322,144	-	30,933,504
Trade Receivables	70,243,437	46,819,176	7,176,819	-	124,239,432
Other Receivables	46,342,093	315,923	6,124,334	(38,893,568)	13,888,782
Inventories	394,521,680	71,196,223	501,029	-	466,218,932
Biological Assets	-	3,814,567	-	-	3,814,567
Prepaid Expenses	3,978,425	156,024	1,038,302	-	5,172,751
Current Tax Assets	211,159	380,262	10,235	-	601,656
Other Current Assets	71,194,050	5,780,609	9,933,597	-	86,908,256
<b>Current Assets</b>	<b>616,363,008</b>	<b>129,201,980</b>	<b>25,106,460</b>	<b>(38,893,568)</b>	<b>731,777,880</b>
Financial Investments	82,180,000	1,142,000	12,800,010	(96,122,010)	-
Other Receivables	53,249	15,682	86,589	-	155,520
Investments Valued by Equity Pick-up Method	161,886,255	-	-	-	161,886,255
Investment Properties	66,075,000	-	-	-	66,075,000
Tangible Assets	170,201,928	17,511,047	299,676,076	-	487,389,051
Right of use assets	712,113	30,792	204,458	-	947,363
Intangible Assets	9,986,748	1,237	6,917	-	9,994,902
Prepaid Expenses	1,413,428	90,091	33,162,738	-	34,666,257
Deferred Tax Assets	21,113,398	652,086	20,677,035	(5,019,782)	37,422,737
<b>Non-Current Assets</b>	<b>513,622,119</b>	<b>19,442,935</b>	<b>366,613,823</b>	<b>(101,141,792)</b>	<b>798,537,085</b>
<b>TOTAL ASSETS</b>	<b>1,129,985,127</b>	<b>148,644,915</b>	<b>391,720,283</b>	<b>(140,035,360)</b>	<b>1,530,314,965</b>
<b>LIABILITIES</b>					
Financial Borrowings	381,401,005	3,452,672	-	-	384,853,677
Current Installments of Long Term Financial Borrowings	90,357,387	43,144	57,633,787	-	148,034,318
Trade Payables	131,486,160	101,285,131	34,378,243	-	267,149,534
Employee Benefits Liabilities	12,920,547	663,548	326,066	-	13,910,161
Other Payables	2,159,505	14,755,917	24,431,135	(38,893,568)	2,452,989
Deferred Income	1,771,983	-	2,260,891	-	4,032,874
Current Provisions	6,436,900	327,378	408,522	-	7,172,800
<b>Current Liabilities</b>	<b>626,533,487</b>	<b>120,527,790</b>	<b>119,438,644</b>	<b>(38,893,568)</b>	<b>827,606,353</b>
Long Term Borrowings	157,214,448	-	310,928,865	-	468,143,313
Provisions For Long Term Employee Benefits	47,078,771	1,249,286	232,306	-	48,560,363
Deferred Tax Liabilities	1,531,752	679,259	7,751,354	(5,019,782)	4,942,583
<b>Non-Current Liabilities</b>	<b>205,824,971</b>	<b>1,928,545</b>	<b>318,912,525</b>	<b>(5,019,782)</b>	<b>521,646,259</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)	(14,554)	41,279	(58,643)	3,102	(28,816)
Restricted Reserves	10,147,245	313,217	127,759	(127,759)	10,460,462
Retained Earnings / Losses	43,982,784	381,407	(130,519,534)	60,297,292	(25,858,051)
Net Profit / Loss for the Period	(6,973,939)	13,452,677	(24,180,468)	4,336,746	(13,364,984)
Minority Interest	-	-	-	(15,063,956)	(15,063,956)
<b>SHAREHOLDERS' EQUITY</b>	<b>297,626,669</b>	<b>26,188,580</b>	<b>(46,630,886)</b>	<b>(96,122,010)</b>	<b>181,062,353</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,129,985,127</b>	<b>148,644,915</b>	<b>391,720,283</b>	<b>(140,035,360)</b>	<b>1,530,314,965</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

<b>30 September 2020</b>	<b>Textile Sector</b>	<b>Agricultural Sector</b>	<b>Energy Sector</b>	<b>Elimination</b>	<b>Total</b>
Revenue	895,606,014	253,866,425	103,503,899	(354,363)	1,252,621,975
Cost of Sales (-)	(747,058,935)	(236,403,279)	(45,472,370)	424,723	(1,028,509,861)
<b>GROSS PROFIT/LOSS</b>	<b>148,547,079</b>	<b>17,463,146</b>	<b>58,031,529</b>	<b>70,360</b>	<b>224,112,114</b>
General Administrative Expenses (-)	(24,518,012)	(809,923)	(858,764)	195,320	(25,991,379)
Marketing Expenses (-)	(36,066,429)	(908,132)	-	-	(36,974,561)
Research and Development Expenses (-)	(3,179,468)	-	-	-	(3,179,468)
Other Operating Income	34,152,942	17,777,525	1,561,246	(269,450)	53,222,263
Other Operating Expenses (-)	(30,582,189)	(505,067)	(353,861)	3,770	(31,437,347)
<b>OPERATING PROFIT/LOSS</b>	<b>88,353,923</b>	<b>33,017,549</b>	<b>58,380,150</b>	<b>-</b>	<b>179,751,622</b>
Income from Investing Activities	621,831	-	-	-	621,831
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	10,563,221	-	-	-	10,563,221
<b>OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES</b>	<b>99,538,975</b>	<b>33,017,549</b>	<b>58,380,150</b>	<b>-</b>	<b>190,936,674</b>
Financial Income (+)	17,842,845	83,373	1,660,876	(3,505,192)	16,081,902
Financial Expenses (-)	(268,578,709)	(1,233,142)	(162,492,524)	3,505,192	(428,799,183)
<b>OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION</b>	<b>(151,196,889)</b>	<b>31,867,780</b>	<b>(102,451,498)</b>	<b>-</b>	<b>(221,780,607)</b>
<b>Operating Activity Tax Income / (Expense)</b>					
- Income/Expense Tax for the period	-	(764,866)	-	-	(764,866)
- Deferred Tax Income/Expense	10,145,452	82,538	10,221,262	-	20,449,252
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(141,051,437)</b>	<b>31,185,452</b>	<b>(92,230,236)</b>	<b>-</b>	<b>(202,096,221)</b>

<b>30 September 2019</b>	<b>Textile Sector</b>	<b>Agricultural Sector</b>	<b>Energy Sector</b>	<b>Elimination</b>	<b>Total</b>
Revenue	809,783,517	187,497,125	50,408,918	(460,906)	1,047,228,654
Cost of Sales (-)	(727,875,177)	(171,036,455)	(27,740,165)	448,688	(926,203,109)
<b>GROSS PROFIT/LOSS</b>	<b>81,908,340</b>	<b>16,460,670</b>	<b>22,668,753</b>	<b>(12,218)</b>	<b>121,025,545</b>
General Administrative Expenses (-)	(15,477,226)	(949,715)	(1,095,675)	131,528	(17,391,088)
Marketing Expenses (-)	(24,068,823)	(1,854,638)	-	-	(25,923,461)
Research and Development Expenses (-)	(4,845,065)	-	-	-	(4,845,065)
Other Operating Income	24,995,453	2,089,574	1,723,727	(119,310)	28,689,444
Other Operating Expenses (-)	(19,244,605)	(3,024,998)	(819,600)	-	(23,089,203)
<b>OPERATING PROFIT/LOSS</b>	<b>43,268,074</b>	<b>12,720,893</b>	<b>22,477,205</b>	<b>-</b>	<b>78,466,172</b>
Income from Investing Activities	685,994	-	2,366,879	-	3,052,873
Expense from Investing Activities(-)	(392,954)	-	(327,511)	-	(720,465)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	4,176,595	-	-	-	4,176,595
<b>OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES</b>	<b>47,737,709</b>	<b>12,720,893</b>	<b>24,516,573</b>	<b>-</b>	<b>84,975,175</b>
Financial Income (+)	42,163,643	128,254	15,132,628	(2,591,543)	54,832,982
Financial Expenses (-)	(78,551,535)	(2,120,323)	(46,728,736)	2,591,543	(124,809,051)
<b>OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION</b>	<b>11,349,817</b>	<b>10,728,824</b>	<b>(7,079,535)</b>	<b>-</b>	<b>14,999,106</b>
<b>Operating Activity Tax Income / (Expense)</b>					
- Income/Expense Tax for the period	(3,402,825)	410,159	(807,945)	-	(3,800,611)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>7,946,992</b>	<b>11,138,983</b>	<b>(7,887,480)</b>	<b>-</b>	<b>11,198,495</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

<b>30 September 2020</b>	<b>Textile Sector</b>	<b>Agricultural Sector</b>	<b>Energy Sector</b>	<b>Elimination</b>	<b>Total</b>
<b>Assets by Segments</b>					
Investment Property	66,145,000	-	-	-	66,145,000
Total Tangible Assets (Net Book Value)	187,640,026	16,327,167	397,544,665	-	601,511,858
Right of Use Assets (Net Book Value)	371,213	-	132,465	-	503,678
Total Intangible Assets (Net Book Value)	10,772,159	20,789	44,560	-	10,837,508
Purchases of Tangible and Intangible Assets	33,386,882	616,683	110,463,051	-	144,466,616
Purchases of Investment Property	70,000	-	-	-	70,000
Depreciation Expenses	15,318,677	1,811,803	12,628,812	-	29,759,292
Total Assets	307,264,135	1,226,119	12,604,252	-	321,094,506
Total Liabilities	988,697,451	112,596	557,477,277	-	1,546,287,324
Net Foreign Currency Asset/ Liabilities	(681,433,316)	1,113,523	(544,873,025)	-	(1,225,192,818)
<b>Financial Payables</b>	<b>1,031,970,047</b>	<b>12,350,000</b>	<b>555,018,896</b>	<b>-</b>	<b>1,599,338,943</b>
- USD	142,213,160	-	127,396,418	-	269,609,578
- EUR	743,401,680	-	427,440,149	-	1,170,841,829
- TRY	146,355,207	12,350,000	182,329	-	158,887,536
Export	786,132,134	19,790,400	-	-	805,922,534
İmport	285,979,847	1,333,265	79,342,597	-	366,655,709
Total Debt	1,327,853,231	205,888,404	615,674,821	(147,348,296)	2,002,068,160
Cash Equivalents	(17,198,187)	(52,669)	(12,654,888)	-	(29,905,744)
Net Debt	1,310,655,044	205,835,735	603,019,933	(147,348,296)	1,972,162,416
Total Equity	173,812,769	42,425,737	(138,850,928)	(96,122,010)	(18,734,432)
Total Capital	1,484,467,813	248,261,472	464,169,005	(243,470,306)	1,953,427,984
Net Debt/Total Capital Ratio	88.29%	82.91%	129.91%		100.96%

<b>31 December 2019</b>	<b>Textile Sector</b>	<b>Agricultural Sector</b>	<b>Energy Sector</b>	<b>Elimination</b>	<b>Total</b>
<b>Assets by Segments</b>					
Investment Property	66,075,000	-	-	-	66,075,000
Total Tangible Assets (Net Book Value)	170,201,927	17,511,048	299,676,076	-	487,389,051
Right of Use Assets (Net Book Value)	712,113	30,792	204,458	-	947,363
Total Intangible Assets (Net Book Value)	9,986,748	1,237	6,917	-	9,994,902
Purchases of Tangible and Intangible Assets	44,476,218	1,099,322	58,460,397	-	104,035,937
Purchases of Investment Property	62,424	-	-	-	62,424
Depreciation Expenses	19,727,957	2,425,096	11,797,124	-	33,950,177
Total Assets in Foreign Currency	68,777,428	3,757,407	34,905,637	-	107,440,472
Total Liabilities in Foreign Currency	759,839,662	-	389,389,210	-	1,149,228,872
Net Foreign Currency Asset/ Liabilities	(691,062,234)	3,757,407	(354,483,573)	-	(1,041,788,400)
<b>Financial Payables</b>	<b>628,972,840</b>	<b>3,495,816</b>	<b>368,562,652</b>	<b>-</b>	<b>1,001,031,308</b>
- USD	90,632,384	-	105,569,875	-	196,202,259
- EUR	517,320,607	-	262,752,667	-	780,073,274
- TRY	21,019,849	3,495,816	240,110	-	24,755,775
Export	948,451,111	23,384,506	-	-	971,835,617
İmport	489,138,822	472,348	24,969,560	-	514,580,730
Total Debt	832,358,458	122,456,335	438,351,169	(43,913,350)	1,349,252,612
Cash Equivalents	(29,872,163)	(739,196)	(322,145)	-	(30,933,504)
Net Debt	802,486,295	121,717,139	438,029,024	(43,913,350)	1,318,319,108
Total Equity	297,626,669	26,188,580	(46,630,886)	(96,122,010)	181,062,353
Total Capital	1,100,112,964	147,905,719	391,398,138	(140,035,360)	1,499,381,461
Net Debt/Total Capital Ratio	72.95%	82.29%	111.91%		87.92%

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

**Information On The Geographical Region**

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

<b>Region</b>	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>
Germany	47%	53%
U.S.A.	23%	22%
Netherland	7%	4%
Italy	7%	8%
France	3%	2%
England	3%	2%
Russia	2%	2%
Poland	2%	1%
United Arab Emirates	1%	1%
China	1%	2%
Other	4%	3%
	<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. Even so, as of 30 September 2020, the share of the largest buyer in the revenue from textile sector operations is 45.13% (30 September 2019: 53.59%). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 90.49%. (30 September 2019: 89.06%) Domestic sales of dried fruits (grape, fig and apricot) produced by Menderes as subcontractors are made in accordance with the "Sales Agreement" signed between Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş., the related party of the Group and Osman Akça exports these products to different customers abroad.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

**NOTE 4 – CASH AND CASH EQUIVALENTS**

As of 30 September 2020 and 31 December 2019 the details of cash and cash equivalents are as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
Cash	209,217	81,002
<b>Banks</b>	<b>29,696,527</b>	<b>30,852,502</b>
<i>Demand deposits</i>	<i>13,360,049</i>	<i>5,783,889</i>
<i>Time deposits</i>	<i>16,336,478</i>	<i>25,068,613</i>
	<b>29,905,744</b>	<b>30,933,504</b>

As of 30 September 2020 and 31 December 2019 maturity schedule of time deposits in the cash and cash equivalents are as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
Within 1 month	16,336,478	25,068,613
	<b>16,336,478</b>	<b>25,068,613</b>

As of 30 September 2020, effective interest rates of time deposits in TRY 10.75% (31.12.2019: in TRY 11.04 %.)

As of 30 September 2020, there is no deposit pledge on the Group's bank deposits. (31.12.2019: None.)

**NOTE 5 – FINANCIAL INVESTMENTS**

**Short term financial investments**

None.

**Long term financial investments**

None.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

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

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

	<b>30.09.2020</b>	<b>31.12.2019</b>
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	97,844,039	43,494,527
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	2,932,469	2,881,678
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	-	5,694
Unearned Interests	(1,122,322)	(345,712)
	<b>99,654,186</b>	<b>46,036,187</b>

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

	<b>30.09.2020</b>	<b>31.12.2019</b>
Akça Holding A.Ş.	5,373	-
Unearned Interests	(74)	-
	<b>5,299</b>	<b>-</b>

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

	<b>30.09.2020</b>	<b>31.12.2019</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	19,459,608	-
Akça Holding A.Ş.	-	6,367,331
	<b>19,459,608</b>	<b>6,367,331</b>

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

	<b>30.09.2020</b>	<b>31.12.2019</b>
Rıza Akça	85,050	85,050
Akça Holding A.Ş.	649,547	-
	<b>734,597</b>	<b>85,050</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

**a) Sales to related parties:**

	01.01.- 30.09.2020	01.01.- 30.09.2019	01.07.- 30.09.2020	01.07.- 30.09.2019
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	230,487,119	167,337,520	93,033,771	79,302,282
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	2,306,872	4,092,007	807,170	1,626,652
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	130	29,167	-	-
	<b>232,794,121</b>	<b>171,458,694</b>	<b>93,840,941</b>	<b>80,928,934</b>

**b) Purchases from related parties:**

	01.01.- 30.09.2020	01.01.- 30.09.2019	01.07.- 30.09.2020	01.07.- 30.09.2019
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	38,714,115	38,102,864	15,763,878	20,158,002
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	10,371	4,704	10,253	1,314
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	4,712	3,640	1,190	1,335
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	-	3,182	-	-
	<b>38,729,198</b>	<b>38,114,390</b>	<b>15,775,321</b>	<b>20,160,651</b>

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

	01.01.- 30.09.2020	01.01.- 30.09.2019	01.07.- 30.09.2020	01.07.- 30.09.2019
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	-	7,945,000	-	-
Menderes Tekstil Pazarlama A.Ş.	80,000	-	80,000	-
	<b>80,000</b>	<b>7,945,000</b>	<b>80,000</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.- 30.09.2020	01.01.- 30.09.2019	01.07.- 30.09.2020	01.07.- 30.09.2019
Akça Holding A.Ş.	-	5,962,871	-	-
	<b>-</b>	<b>5,962,871</b>	<b>-</b>	<b>-</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**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.- 30.09.2020	01.01.- 30.09.2019	01.07.- 30.09.2020	01.07.- 30.09.2019
Benefits provided to senior management	886,007	610,966	310,427	211,674
	<b>886,007</b>	<b>610,966</b>	<b>310,427</b>	<b>211,674</b>

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

	01.01.- 30.09.2020	01.01.- 30.09.2019	01.07.- 30.09.2020	01.07.- 30.09.2019
Akça Holding A.Ş.	793,216	660,393	317,226	231,065
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	310,554	225,331	97,158	64,766
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	24,313	3,700	900	3,700
	<b>1,128,083</b>	<b>889,424</b>	<b>415,284</b>	<b>299,531</b>

**c Rent income from related parties:**

	01.01.- 30.09.2020	01.01.- 30.09.2019	01.07.- 30.09.2020	01.07.- 30.09.2019
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	131,400	104,483	43,800	39,383
Akça Holding A.Ş.	108,900	97,110	36,300	32,370
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	98,100	89,550	32,700	29,850
Menderes Tekstil Pazarlama A.Ş.	4,500	4,500	1,500	1,500
Akçamen Tekstil Sanayi Ticaret A.Ş.	4,500	4,500	1,500	1,500
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	3,000	4,500	-	1,500
	<b>350,400</b>	<b>304,643</b>	<b>115,800</b>	<b>106,103</b>



**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	-	30,000	-	-
	<b>-</b>	<b>30,000</b>	<b>-</b>	<b>-</b>

**e Service income from related parties:**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	144,284	149,412	57,741	64,742
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	231,400	-	11,737	-
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	58,750	-	-	-
Menderes Tekstil Pazarlama A.Ş.	1,134	-	-	-
	<b>435,568</b>	<b>149,412</b>	<b>69,478</b>	<b>64,742</b>

**f Foreign exchange income from related parties (Note 28.1):**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	11,467,033	5,380,290	2,383,924	-
	<b>11,467,033</b>	<b>5,380,290</b>	<b>2,383,924</b>	<b>-</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

	<b>01.01.-</b> <b>30.09.2020</b>	<b>01.01.-</b> <b>30.09.2019</b>	<b>01.07.-</b> <b>30.09.2020</b>	<b>01.07.-</b> <b>30.09.2019</b>
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	79,070	1,511,651	74,509	1,294,914
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	91,582	-	91,582	-
Rıza Akça	-	32,198	-	-
Akça Holding A.Ş.	99,495	201,785	-	35,681
	<b>270,147</b>	<b>1,745,634</b>	<b>166,091</b>	<b>1,330,595</b>

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

	<b>01.01.-</b> <b>30.09.2020</b>	<b>01.01.-</b> <b>30.09.2019</b>	<b>01.07.-</b> <b>30.09.2020</b>	<b>01.07.-</b> <b>30.09.2019</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	<u>267,454</u>	<u>5,921,802</u>	<u>267,454</u>	<u>843,708</u>
	<b>267,454</b>	<b>5,921,802</b>	<b>267,454</b>	<b>843,708</b>

**i Maturity difference expenses from related parties :**

	<b>01.01.-</b> <b>30.09.2020</b>	<b>01.01.-</b> <b>30.09.2019</b>	<b>01.07.-</b> <b>30.09.2020</b>	<b>01.07.-</b> <b>30.09.2019</b>
Osman Akça T. Ürün. İth. İhr. San. ve Tic. A.Ş.	803,507	-	26,284	-
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	2,548	-	2,548	-
Akça Holding A.Ş.	9,498	-	8,798	-
	<b>815,553</b>	<b>-</b>	<b>37,630</b>	<b>-</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

**Short Term Trade Receivables**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Trade receivables	253,616,863	69,252,570
Cheques and notes	1,343,400	2,095,093
Unearned interest on trade receivables	(787,580)	(614,056)
Doubtful trade receivables	65,554	65,554
Provision for doubtful receivables (-)	(65,554)	(65,554)
Income accruals	14,796,028	7,469,638
<b>Trade Receivables From Third Parties</b>	<b>268,968,711</b>	<b>78,203,245</b>
Trade receivables from related parties (Note 6-i-a)	100,667,598	46,169,445
Income accruals from related parties (Note 6-i-b)	108,910	212,454
Unearned interests on related party receivables (Note 6-i-a)	(1,122,322)	(345,712)
<b>Trade Receivables From Related Parties</b>	<b>99,654,186</b>	<b>46,036,187</b>
<b>Total Short-Term Trade Receivables</b>	<b>368,622,897</b>	<b>124,239,432</b>

As of 30 September 2020, the average maturity of trade receivables are 37 days. (31 December 2019: 23 days).

Maturity schedule of notes receivables as of 30 September 2020 and 31 December 2019 are as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
1-30 days	3,200	167,033
31-60 days	-	215,590
61-90 days	206,200	799,192
91-120 days	10,000	272,068
121-150 days	1,124,000	641,210
	<b>1,343,400</b>	<b>2,095,093</b>

As of 30 September 2020 and 31 December 2019 provision for doubtful receivables movement schedule is as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
Opening balance	65,554	731,311
Collections made during the period	-	(665,757)
<b>Closing Balance</b>	<b>65,554</b>	<b>65,554</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**Short Term Trade Payables**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Trade payables	199,124,002	234,316,122
Unearned interests on trade payables	(1,607,756)	(2,777,931)
Notes payables	69,281,057	25,893,282
Unearned interests on payables	(640,507)	(250,681)
Expense accruals	18,648,029	9,968,742
<b>Trade Payables To Third Parties</b>	<b>284,804,825</b>	<b>267,149,534</b>
Payables to related parties (Note 6-i-b)	5,373	-
Unearned interests on notes payables to related parties (Note 6-i-b)	(74)	-
<b>Trade Payables to Related Parties</b>	<b>5,299</b>	<b>-</b>
<b>Total Short Term Trade Payables</b>	<b>284,810,124</b>	<b>267,149,534</b>

As of 30.09.2020 ,the average maturity of trade payables are 72 days. (31 December 2019: 61 days).

As of 30 September 2020, the surety bond amounting to USD 6,980,775 (TRY 54,505,888) and EUR 186,504 ( TRY 1,702,426) were given for trade payables of the Group by bank. (31.12.2019: USD 19,963,413 (118,586,666 TRY) and EUR 337,922 (2,007,324 TRY)) (Note 20)

As of 30 September 2020 and 31 December 2019 maturity breakdown of notes payables are as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
1 – 30 days	47,957,886	13,498,290
31 – 60 days	12,047,606	10,520,205
61 – 90 days	9,275,565	1,874,787
	<b>69,281,057</b>	<b>25,893,282</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 8 – FINANCIAL BORROWINGS**

	<b>30.09.2020</b>	<b>31.12.2019</b>
<b>Short Term Borrowings:</b>		
TRY borrowings	38,592,120	21,213,539
USD borrowings	59,206,058	60,766,162
EUR borrowings	357,800,441	302,820,056
Credit card liabilities (TRY)	119,262	53,920
<b>Short Term Financial Borrowings</b>	<b>455,717,881</b>	<b>384,853,677</b>
<b>Lease Payables:</b>		
EUR lease payables, net	5,208,787	3,865,231
<b>Operating lease payable:</b>		
Operating lease payables, net	429,909	584,133
<b>Bank Borrowings:</b>		
TRY borrowings	56,995,658	-
USD borrowings	42,703,489	46,365,510
EUR borrowings	141,168,669	97,219,444
<b>Current Installments of Long-Term Borrowings</b>	<b>246,506,512</b>	<b>148,034,318</b>
<b>Long Term Lease Payables:</b>		
EUR lease payables, net	1,470,680	3,659,549
<b>Operating lease payable:</b>		
Operating lease payables, net	162,248	461,488
<b>Long Term Bank Borrowings:</b>		
TRY borrowings	62,588,339	2,442,695
USD borrowings	167,700,031	89,070,587
EUR borrowings	665,193,252	372,508,994
<b>Long Term Financial Borrowings</b>	<b>897,114,550</b>	<b>468,143,313</b>
<b>Total Financial Liabilities</b>	<b>1,599,338,943</b>	<b>1,001,031,308</b>

As of 30 September 2020 and 31 December 2019 maturity analysis of borrowings and other financial borrowings are as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
Within 3 months	263,011,891	205,725,724
Between 3 - 12 months	433,573,806	322,712,907
Between 1 - 5 years	718,012,866	356,864,778
More than 5 years	177,468,756	107,157,498
	<b>1,592,067,319</b>	<b>992,460,907</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 30 September 2020 and 31 December 2019 maturity schedule of long term bank borrowings are as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
Between 1-2 years	426,847,098	169,246,045
Between 2-3 years	119,005,423	77,388,571
Between 3-4 years	85,002,987	54,897,437
Between 4-5 years	65,017,124	47,894,727
Between 5-6 years	51,605,573	35,718,984
Between 6-7 years	47,708,199	32,408,892
Between 7-8 years	32,150,506	27,154,840
Between 8-9 years	16,993,716	11,262,512
Between 9-10 years	15,700,456	4,803,941
Between 10-11 years	13,310,330	3,246,327
Between 11-12 years	11,070,112	-
Between 12-13 years	11,070,098	-
	<b>895,481,622</b>	<b>464,022,276</b>

As of 30 September 2020, effective interest rates for TRY, USD and EUR bank loans are 8.59%, 4.26 % and 2.70% (31.12.2019: TRY 10.19% USD 6.32% and EUR 3.09%).

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

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 134,950,000 (TRY 1,053,689,600), 25,000,000 EUR (TRY 228,202,500) and 97,310,000 TRY.

As of 30 September 2020 and 31 December 2019 the details of financial leasing borrowings of Group are as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
Short term lease payables	5,407,999	4,067,742
Cost of deferred lease payables (-)	(199,212)	(202,511)
	<b>5,208,787</b>	<b>3,865,231</b>
	<b>30.09.2020</b>	<b>31.12.2019</b>
Long term lease payables	1,492,094	3,712,415
Cost of deferred lease payables (-)	(21,414)	(52,866)
	<b>1,470,680</b>	<b>3,659,549</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 30 September 2020, 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	5,407,999	(199,212)	5,208,787
Between 1 – 2 years	1,492,094	(21,414)	1,470,680
	<b>6,900,093</b>	<b>(220,626)</b>	<b>6,679,467</b>

As of 31 December 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	4,067,742	(202,511)	3,865,231
Between 1 – 2 years	3,239,725	(52,866)	3,186,859
Between 2 – 3 years	472,690	-	472,690
	<b>7,780,157</b>	<b>(255,377)</b>	<b>7,524,780</b>

As of 30 September 2020 and 31 December 2019, details of operating lease payables are as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
Operating lease payables	592,157	1,045,621
	<b>592,157</b>	<b>1,045,621</b>

As of 30 September 2020 and 31 December 2019, the repayment schedule of operating lease payables are as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
Between 0 – 1 years	429,909	584,133
Between 1 – 2 years	81,077	322,235
Between 2 – 3 years	81,171	139,253
	<b>592,157</b>	<b>1,045,621</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 9 – OTHER RECEIVABLES AND PAYABLES**

**Other Current Receivables**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Deposit and guarantees given	1,885,967	678,326
VAT return receivables	16,737,269	6,839,591
Other receivables	26,926	3,534
<b>Other Receivables from Third Parties</b>	<b>18,650,162</b>	<b>7,521,451</b>
Receivables from shareholders (Note 6-i-c)	19,459,608	6,367,331
<b>Other Receivables From Related Parties</b>	<b>19,459,608</b>	<b>6,367,331</b>
<b>Total Other Current Receivables</b>	<b>38,109,770</b>	<b>13,888,782</b>

**Other Non-Current Receivables**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Deposits and guarantees given	119,520	155,520
	<b>119,520</b>	<b>155,520</b>

**Other Current Payables**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Deposit and guarantees received	22,400	22,400
Taxes and funds payable	4,544,661	2,337,550
Deferred Social Insurance Premium and tax payments	15,268,014	-
Other various debts	110,767	7,989
<b>Other Payables to Third Parties</b>	<b>19,945,842</b>	<b>2,367,939</b>
Payables to shareholders (Note 6-i-d)	734,597	85,050
<b>Other Payables to Related Parties</b>	<b>734,597</b>	<b>85,050</b>
<b>Total Other Current Payables</b>	<b>20,680,439</b>	<b>2,452,989</b>



**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

**NOTE 10 – INVENTORIES**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Raw materials	171,567,752	191,876,939
Semi-finished products	202,219,804	174,959,398
Finished goods	38,992,074	27,181,623
Trade goods	1,427,967	348,368
Other inventories	401,540	1,425,775
Agricultural products (Figs, Apricot and Grape)	112,383,441	70,426,829
	<b>526,992,578</b>	<b>466,218,932</b>

All inventories of the Group are covered by insurance coverage.

**NOTE 11 – BIOLOGICAL ASSETS**

**Current Biological Assets**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Biological assets (Tomato)	8,299,483	3,814,567
	<b>8,299,483</b>	<b>3,814,567</b>

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 12 – PREPAID EXPENSES AND DEFERRED INCOME**

**Short Term Prepaid Expenses**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Order advances given	5,345,192	1,925,611
Prepaid expenses	2,098,952	2,940,391
Advances given for business purposes	5,445	306,749
	<b>7,449,589</b>	<b>5,172,751</b>

**Long Term Prepaid Expenses**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Advances given for purchases of tangible assets	2,794,296	34,258,875
Prepaid expenses	407,938	407,382
	<b>3,202,234</b>	<b>34,666,257</b>

**Short Term Deferred Income**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Advances received	7,009,656	3,892,874
Deferred income	14,000	140,000
	<b>7,023,656</b>	<b>4,032,874</b>

**NOTE 13 – ASSETS RELATED TO CURRENT PERIOD TAX**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Prepaid taxes and funds	1,182,424	601,656
	<b>1,182,424</b>	<b>601,656</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 14 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD**

As of 30 September 2020 and 31 December 2019 the companies accounted by equity pick up method are as follows:

	<b>30.09.2020</b>	<b>Share (%)</b>	<b>31.12.2019</b>	<b>Share (%)</b>
Aktur Araç Muayene İstasyon İşletmeleri A.Ş.	172,449,476	48%	161,886,255	48%
	<b>172,449,476</b>		<b>161,886,255</b>	

The total assets, liabilities and owner’s equity of the investments which are evaluated by the equity pick up method with their summary of income statement related to the periods ended 30 September 2020 and 31 December 2019 are as follows:

*Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.*

	<b>30.09.2020</b>	<b>31.12.2019</b>
Current assets	139,548,329	108,331,619
Non-current assets	284,502,451	266,237,399
<b>Total Assets</b>	<b>424,050,780</b>	<b>374,569,018</b>
Current liabilities	48,968,628	20,187,572
Non-current liabilities	15,812,411	17,118,414
Parent company’s equity	359,269,741	337,263,032
<b>Total Assets</b>	<b>424,050,780</b>	<b>374,569,018</b>
Sales, net	357,256,016	401,792,251
Cost of sales	(343,855,022)	(390,638,946)
Net profit / (loss)	27,352,447	21,651,249

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 15 – INVESTMENT PROPERTIES**

<b>Cost Value</b>	<b>Lands</b>	<b>Total</b>
01 January 2019 opening balance	60,500,000	60,500,000
Additions	62,424	62,424
Fair value	5,512,576	5,512,576
31 December 2019 closing balance	66,075,000	66,075,000
Additions	70,000	70,000
30 September 2020 closing balance	66,145,000	66,145,000

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

	<b>Manisa</b>	<b>İzmir</b>
01 January 2019 opening balance	2,500,000	58,000,000
Addition	-	62,424
Value Decrease/increase	100,000	5,412,576
31 December 2019 closing balance	2,600,000	63,475,000
Addition	-	-
Value Decrease/increase	-	-
30 September 2020 closing balance	2,600,000	63,475,000

As of 30 September 2020 and 31 December 2019, the lands that are shown as investment property are revaluated by Rota Gayrimenkul Değerleme ve Danışmanlık A.Ş. The fair values determined in the valuation studies carried out on 25 February 2020 are reflected in the accompanying consolidated financial statements.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 16 – TANGIBLE ASSETS**

Cost Value	Land	Land Improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Special costs	Total
01 January 2019 opening balanc	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	8,928,877	10,350,267	-	1,072,242	83,247,787	-	103,601,716
Disposals	-	-	-	(16,115,713)	-	(1,763)	(13,690)	-	(16,131,166)
Transfers	-	-	5,814,761	36,173,360	-	14,200	(46,233,767)	-	(4,231,446)
31 December 2019 closing balance	4,765,171	82,676,506	106,877,046	527,142,561	3,380,347	17,404,860	47,823,197	9,175	790,078,863
Additions	-	17,000	55,900	2,842,993	80,000	472,267	140,866,246	-	144,334,406
Disposals	-	-	-	(710,266)	-	(27,605)	-	-	(737,871)
Transfers	-	11,250,226	-	159,521,371	-	-	(172,485,130)	-	(1,713,533)
30 September 2020 closing balance	4,765,171	93,943,732	106,932,946	688,796,659	3,460,347	17,849,522	16,204,313	9,175	931,961,865
<b>Accumulated Depreciation</b>									
01 January 2019 opening balanc	-	24,864,286	21,157,056	221,625,931	1,292,326	8,925,796	-	917	277,866,312
Additions	-	4,913,057	2,185,842	22,073,534	55,612	2,651,889	-	1,835	31,881,769
Disposals	-	-	-	(7,058,093)	-	(176)	-	-	(7,058,269)
31 December 2019 closing balance	-	29,777,343	23,342,898	236,641,372	1,347,938	11,577,509	-	2,752	302,689,812
Additions	-	4,068,325	1,630,424	21,193,459	42,498	1,376,387	-	1,377	28,312,470
Disposals	-	-	-	(528,350)	-	(23,925)	-	-	(552,275)
30 September 2020 closing balance	-	33,845,668	24,973,322	257,306,481	1,390,436	12,929,971	-	4,129	330,450,007
<b>31.12.2019, Net Book Value</b>	<b>4,765,171</b>	<b>52,899,163</b>	<b>83,534,148</b>	<b>290,501,189</b>	<b>2,032,409</b>	<b>5,827,351</b>	<b>47,823,197</b>	<b>6,423</b>	<b>487,389,051</b>
<b>30.09.2020, Net Book Value</b>	<b>4,765,171</b>	<b>60,098,064</b>	<b>81,959,624</b>	<b>431,490,178</b>	<b>2,069,911</b>	<b>4,919,551</b>	<b>16,204,313</b>	<b>5,046</b>	<b>601,511,858</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 30 September 2020, the depreciation expense of tangible assets for the period is TRY 28,312,470 (31 December 2019: TRY 31,881,769).

As of 30 September 2020, fixed assets are insured by TRY 20,229,159, EUR 25,954,700 (TRY 236,917,097), USD 171,442,430 (TRY 1,338,626,397). (31 December 2019: TRY 14,182,700, EUR 26,094,700 (TRY 173,545,412), USD 156,855,763 (TRY 931,754,603).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 134,950,000 (TRY 1,053,689,600), EUR 25,000,000 (TRY 228,202,500) and TRY 97,310,000.

As of 30 September 2020, net book value of leasing machines is TRY 11,292,663 (31.12.2019: 11,292,663 TRY).

As of 30 September 2020 and 31 December 2019, the Group has no borrowing costs.

**NOTE 17 – RIGHT OF USE ASSETS**

<b>Cost Value</b>	<b>Lands</b>	<b>Buildings</b>	<b>Plants</b>	<b>Vehicles</b>	<b>Total</b>
01 January 2019 opening balance	-	-	-	-	-
Change in accounting policy	216,676	419,777	158,360	1,180,687	1,975,500
31 December 2019 closing balance	216,676	419,777	158,360	1,180,687	1,975,500
Additions	-	-	-	-	-
30 September 2020 closing balance	216,676	419,777	158,360	1,180,687	1,975,500
<b>Accumulated Depreciation</b>					
01 January 2019 opening balance	-	-	-	-	-
Change in accounting policy	43,335	226,034	127,568	631,200	1,028,137
31 December 2019 closing balance	43,335	226,034	127,568	631,200	1,028,137
Additions	43,335	145,307	30,792	224,251	443,685
30 September 2020 closing balance	86,670	371,341	158,360	855,451	1,471,822
<b>31.12.2019, Net Book Value</b>	<b>173,341</b>	<b>193,743</b>	<b>30,792</b>	<b>549,487</b>	<b>947,363</b>
<b>30.09.2020, Net Book Value</b>	<b>130,006</b>	<b>48,436</b>	<b>--</b>	<b>325,236</b>	<b>503,678</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 18 – 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 2019 opening balance	501,522	6,636,579	885,257	8,023,358
Additions	282,780	-	151,441	434,221
Disposals	(115,272)	-	-	(115,272)
Transfer	34,137	4,197,309	-	4,231,446
31 December 2019 closing balance	703,167	10,833,888	1,036,698	12,573,753
Additions	132,210	-	-	132,210
Transfer	(16,780)	1,713,533	16,780	1,713,533
30 September 2020 closing balance	818,597	12,547,421	1,053,478	14,419,496
<b>Accumulated Depreciation</b>				
01 January 2019 opening balance	496,483	524,028	633,341	1,653,852
Additions	20,567	834,045	185,659	1,040,271
Disposals	(115,272)	-	-	(115,272)
31 December 2019 closing balance	401,778	1,358,073	819,000	2,578,851
Additions	82,885	831,765	88,487	1,003,137
Transfer	(15,543)	-	15,543	-
30 September 2020 closing balance	469,120	2,189,838	923,030	3,581,988
<b>31.12.2019, Net Book Value</b>	<b>301,389</b>	<b>9,475,815</b>	<b>217,698</b>	<b>9,994,902</b>
<b>30.09.2020, Net Book Value</b>	<b>349,477</b>	<b>10,357,583</b>	<b>130,448</b>	<b>10,837,508</b>

As of 30 September 2020, the amortization expense of intangible assets for the period is TRY 1,003,137 (31 December 2019: TRY 1.040,271).

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

As of 30 September 2020 and 31 December 2019, the Group's guarantee / security / mortgage (“GSM”) position are as follows:

<b>Guarantees, security and mortgage “(GSM)” given by the Group</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
A. Total Amount of GSM given on behalf of legal entity	3,186,319,721	2,410,330,176
B. Total Amount of GSM given for partnerships which included in full consolidation	235,273,695	56,734,140
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
<i>i. Total Amount of GSM given for the Parent Group</i>	None	None
<i>ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses</i>	None	None
<i>iii. Total Amount of GSM Given for Third Parties not Included in C Clause</i>	None	None
<b>Total</b>	<b>3,421,593,416</b>	<b>2,467,064,316</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 892,064,000), EUR 7,500,000 (TRY 68,460,750) and TRY 122,500,000 guarantee are provided by related parties (Akça Holding and Osman Akça) (31 December 2019: USD 114,250,000 (TRY 678,667,850), EUR 7,500,000 (TRY 49,879,500) and TRY 122,500,000).

As of 30 September 2020, 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	19,385,010	9.1281	176,948,310
AKA European Export&Trade Bank	EUR	6,389,652	9.1281	58,325,385
				<b>235,273,695</b>

As of 30 September 2020, details of mortgage on lands and buildings given to financial institutions are as follows:

	<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	7.8080	1,053,689,600
Türkiye Vakıflar Bankası T.A.O	EUR	25,000,000	9.1281	228,202,500
				<b>1,379,202,100</b>



**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 30 September 2020, 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	14,787,545	1.0000	14,787,545
Energy Market Regulatory Authority	TRY	25,902	1.0000	25,902
Customs Administration	TRY	15,354,800	1.0000	15,354,800
Credit Guarantee	USD	15,200,600	7.8080	118,686,285
Credit Guarantee	EUR	40,480,000	9.1281	369,505,488
Credit Guarantee	TRY	10,000,000	1.0000	10,000,000
Employment commitment	TRY	160,000	1.0000	160,000
Food, Agriculture Livestock Directorate	TRY	625,669	1.0000	625,669
Public Institutions	TRY	1,907,599	1.0000	1,907,599
				<b>531,053,288</b>

As of 30 September 2020, 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	42,803,515	1.0000	42,803,515
Türkiye Vakıflar Bankası T.A.O.	EUR	16,120,000	9.1281	147,144,972
Türkiye Vakıflar Bankası T.A.O.	USD	11,100,000	7.8080	86,668,800
Türkiye Finans Katılım Bankası A.Ş.	TRY	58,000	1.0000	58,000
Halk Bank A.Ş.	USD	2,000,000	7.8080	15,616,000
Halk Bank A.Ş.	EUR	24,360,000	9.1281	222,360,516
Denizbank A.Ş.	USD	1,796,500	7.8080	14,027,072
Türkiye Finans Katılım Bankası A.Ş.	USD	304,100	7.8080	2,374,413
				<b>531,053,288</b>

As of 30 September 2020, 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	6,980,775	7.8080	54,505,891
Türkiye Vakıflar Bankası T.A.O	EUR	186,504	9.1281	1,702,427
				<b>56,208,318</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 30 September 2020, 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	7.8080	70,272,000
Eximbank A.Ş.	USD	25,000,000	7.8080	195,200,000
Finansbank A.Ş.	TRY	13,000,000	1.0000	13,000,000
Halk Bankası A.Ş.	TRY	10,000,000	1.0000	10,000,000
İşbankası A.Ş.	USD	9,500,000	7.8080	74,176,000
Odea Bank A.Ş.	TRY	33,000,000	1.0000	33,000,000
Şekerbank A.Ş.	USD	3,750,000	7.8080	29,280,000
Şekerbank A.Ş.	TRY	2,500,000	1.0000	2,500,000
Şekerbank A.Ş.	EUR	7,500,000	9.1281	68,460,750
Türkiye Finans katılım Bankası A.Ş.	TRY	30,000,000	1.0000	30,000,000
Akbank T.A.Ş.	TRY	4,000,000	1.0000	4,000,000
Vakıfbank A.Ş.	USD	65,000,000	7.8080	507,520,000
Turkland Bank A.Ş.	TRY	15,000,000	1.0000	15,000,000
Arap Türk Bankası A.Ş.	USD	2,000,000	7.8080	15,616,000
				<b>1,083,024,750</b>

As of 30 September 2020, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Eximbank	USD	872,500	7.8080	6,812,480
Eximbank	EUR	1,527,500	9.1281	13,943,173
Eximbank	TRY	1,275,000	1.0000	1,275,000
				<b>22,030,653</b>

As of 30 September 2020, bank details of the bonds are as follows:

Bond	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türk Eximbank	USD	2,220,539	7.8080	17,337,969
Türk Eximbank	EUR	4,309,934	9.1281	39,341,509
Türkiye Cumhuriyeti Merkez Bankası	EUR	12,525,000	9.1281	114,329,453
				<b>171,008,930</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 20 – PROVISIONS**

**Other Short Term Provisions**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Provision for the lawsuits	437,081	437,081
Provision for unused vacation	6,516,019	6,735,719
	<b>6,953,100</b>	<b>7,172,800</b>
	<b>30.09.2020</b>	<b>31.12.2019</b>
Unused vacation provisions at beginning of period	6,735,719	3,897,322
Provisions reversed during the period	(317,469)	-
Provisions during the period	97,769	2,838,397
<b>Closing balance</b>	<b>6,516,019</b>	<b>6,735,719</b>

**Long Term Provisions for Employee Benefits**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Provision for severance pay	54,527,566	48,560,363
	<b>54,527,566</b>	<b>48,560,363</b>

For the period of 01 January – 30 September 2020, the average personnel number including subcontractors employed by the Group is 4,387. (01.01-31.12.2019: 4,285). The rate of retirement probability used is 97%. (01.01-31.12.2019: % 97).

For the period ended at 30 September 2020 and 31 December 2019 the movement schedule of severance pay provision is as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
Balance of 01 January	48,560,363	35,840,240
Increase in the period	14,285,344	18,082,812
Interest cost	2,313,546	2,331,624
Payments during the period	(7,757,394)	(8,030,600)
Actuarial profit/(loss)	(2,874,293)	336,287
<b>Balance at the end of the period</b>	<b>54,527,566</b>	<b>48,560,363</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 21 – EMPLOYEE BENEFIT LIABILITIES**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Due to personnel	14,559,036	10,038,352
Social security deductions payable	4,447,255	3,871,809
	<b>19,006,291</b>	<b>13,910,161</b>

**NOTE 22 – OTHER CURRENT ASSETS AND LIABILITIES**

**Other Current Assets**

	<b>30.09.2020</b>	<b>31.12.2019</b>
VAT carried forward	86,684,246	86,908,256
	<b>86,684,246</b>	<b>86,908,256</b>

**NOTE 23 – SHARE CAPITAL**

**23.1 Paid in Capital**

As of 30 September 2020 and 31 December 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 September 2020 and 31 December 2019, Group’s paid in capital is as follows:

<b>Shareholders</b>	<b>30.09.2020</b>		<b>31.12.2019</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 (TRY 100,000).

**23.2 Inflation Adjustments of Shareholders’ Equity**

	<b>30.09.2020</b>	<b>31.12.2019</b>
Inflation adjustment of shareholders’ equity	485,133	485,133
	<b>485,133</b>	<b>485,133</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

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

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

	<b>30.09.2020</b>	<b>31.12.2019</b>
Defined Benefit Plans Re-Measurement Gains (Losses)	2,258,756	(28,816)
	<b>2,258,756</b>	<b>(28,816)</b>

**23.4 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>30.09.2020</b>	<b>31.12.2019</b>
Legal reserves	10,460,462	10,460,462
	<b>10,460,462</b>	<b>10,460,462</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.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**23.5 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.

	<b>30.09.2020</b>	<b>31.12.2019</b>
Previous Years Profits/(Losses)	(39,223,035)	(25,858,051)
	<b>(39,223,035)</b>	<b>(25,858,051)</b>

**23.6 Minority Interest**

The details of the minority interests as of 30 September 2020 are as follows:

<b>30 September 2020</b>	<b>Total Shareholders' Equity</b>	<b>Profit/(Loss) of the Period</b>	<b>Parent Group Share</b>	<b>Minority Interest</b>	<b>Minority part of Shareholders' Equity</b>	<b>Minority part of Profit/(Loss)</b>	<b>Minority Total comprehensive income / (loss)</b>
Smryna	14,747,908	3,507,623	79.17%	20.83%	3,072,480	730,755	741,111
Tan Elektrik	(21,583,510)	(29,705,826)	67.90%	32.10%	(8,249,970)	(9,535,570)	(9,536,823)
Akça Enerji	(117,267,419)	(62,524,410)	80.42%	19.58%	(30,924,191)	(12,244,774)	(12,242,013)
					<b>(36,101,681)</b>	<b>(21,049,589)</b>	<b>(21,037,725)</b>

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

<b>31 December 2019</b>	<b>Total Shareholders' Equity</b>	<b>Profit/(Loss) of the Period</b>	<b>Parent Group Share</b>	<b>Minority Interest</b>	<b>Minority part of Shareholders' Equity</b>	<b>Minority part of Profit/(Loss)</b>	<b>Minority Total comprehensive income / (loss)</b>
Smryna	11,190,575	(1,545,328)	79.17%	20.83%	2,331,369	(321,943)	(314,391)
Tan Elektrik	8,126,219	5,758,202	67.90%	32.10%	1,286,853	1,848,383	1,849,816
Akça Enerji	(54,757,105)	(29,938,670)	80.42%	19.58%	(18,682,178)	(5,863,186)	(5,873,277)
					<b>(15,063,956)</b>	<b>(4,336,746)</b>	<b>(4,337,852)</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

**NOTE 24 – SALES AND COST OF SALES**

**24.1 Sales**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Domestic sales	448,273,498	350,525,538	176,401,796	137,897,781
Export sales	805,922,535	698,695,354	454,495,131	349,452,508
Other sales	4,804,141	4,416,546	1,335,012	1,980,773
	<b>1,259,000,174</b>	<b>1,053,637,438</b>	<b>632,231,939</b>	<b>489,331,062</b>
Sales returns	(1,609,932)	(2,452,223)	(751,921)	(1,789,288)
Other discounts	(4,768,267)	(3,956,561)	(1,776,894)	(2,094,748)
<b>Sales Income, (net)</b>	<b>1,252,621,975</b>	<b>1,047,228,654</b>	<b>629,703,124</b>	<b>485,447,026</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**24.2 Cost of Sales**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Direct material expenses	563,173,053	608,333,954	229,005,830	227,964,208
Direct labor expenses	134,674,205	122,060,075	39,569,564	45,150,715
General production expenses	64,705,459	57,453,216	30,061,290	22,473,630
Depreciation expenses	13,949,755	12,266,179	4,967,860	4,215,032
<u>Change in semi-finished goods</u>				
1. Beginning semi-finished goods(+)	174,959,398	123,914,118	-	-
2. Ending semi-finished goods (-)	(202,219,804)	(197,576,926)	26,152,120	(2,730,891)
Cost of finished goods produced	749,242,066	726,450,616	329,756,664	297,072,694
<u>Changes in finished goods inventory</u>				
1. Beginning inventory (+)	27,181,623	16,245,387	-	-
2. Ending inventory (-)	(38,992,074)	(29,251,657)	49,909,500	45,959,501
Cost of finished goods sold	737,431,615	713,444,346	379,666,164	343,032,195
<u>Cost of merchandises</u>				
1. Beginning merchandise inventory (+)	348,368	906,815	-	-
2. Purchases during the period (+)	4,899,935	8,045,356	898,005	4,670,564
3. Ending merchandise inventory (-)	(1,427,967)	(614,222)	584,392	(229,040)
Cost of merchandises sold	3,820,336	8,337,949	1,482,397	4,441,524
Cost of other service rendered	506,575	601,775	7,191	-
Cost of other sales	223,689,147	160,985,546	90,043,014	77,656,587
Cost of biological assets	15,773,017	13,337,999	1,046,995	1,002,754
Depreciation of biological assets	1,811,803	1,755,329	600,953	608,830
Energy costs	32,848,556	18,847,836	13,572,242	5,145,490
Energy depreciation	12,628,812	8,892,329	5,178,631	2,950,655
<b>Cost of sales, net</b>	<b>1,028,509,861</b>	<b>926,203,109</b>	<b>491,597,587</b>	<b>434,838,035</b>



**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 01 January – 30 September 2020 and 2019, for each main production group, quantities of goods and services:

	<b>Unit</b>	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>
Yarn	Kg	8,403,511	10,199,319
Raw Clothing	Mt2	83,279,981	95,876,669
Finishing Cloth	Mt2	137,171,758	141,510,536
Lining	Mt2	9,716,420	13,963,600
Linens, Sheets, Curtains, Pillows.	Quantity	15,075,549	16,155,598
Electricity	Kwh	193,816,340	144,865,081
Cotton Waste	Kg	204,232	409,425
Piece of Cloth	Kg	2,516,745	2,793,135
Yarn Waste	Kg	308,850	510,620
Textile Trash Powder	Kg	48,430	185,810
Tomato	Kg	4,229,648	4,459,139
Dried Figs	Kg	4,772,590	1,359,080
Dried Apricot	Kg	635,275	583,108
Dried Grape	Kg	10,423,610	9,687,958

As of 01 January – 30 September 2020 and 2019, for each main sales group, quantities of goods and services:

	<b>Unit</b>	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>
Yarn	Kg	165,619	997,529
Raw Clothing	Mt2	333	5,744
Finishing Cloth	Mt2	14,750,231	9,109,047
Lining	Mt2	10,865,570	14,709,789
Linens, Sheets, Curtains, Pillows	Quantity	15,074,498	15,864,768
Electricity	Kwh	154,006,320	91,074,190
Cotton Waste	Kg	341,690	450,590
Piece of Cloth	Kg	2,580,945	2,744,730
Yarn Waste	Kg	308,850	510,620
Textile Trash Powder	Kg	48,430	185,810
Tomato	Kg	4,237,989	4,513,089
Dried Figs	Kg	4,772,590	1,359,080
Dried Apricot	Kg	635,275	583,108
Dried Grape	Kg	10,423,610	9,687,958

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Research and development expenses	3,179,468	4,845,065	2,227,357	2,103,194
Marketing, sales and distribution expenses	36,974,561	25,923,461	18,954,611	12,108,893
General administrative expenses	25,991,379	17,391,088	9,737,479	5,925,119
	<b>66,145,408</b>	<b>48,159,614</b>	<b>30,919,447</b>	<b>20,137,206</b>

**25.1 Research and Development Expenses**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Direct Material expenses	1,055,726	3,172,633	656,031	1,357,236
Personnel expenses	1,968,991	1,428,844	1,465,387	595,587
Other expenses	154,751	243,588	105,939	150,371
	<b>3,179,468</b>	<b>4,845,065</b>	<b>2,227,357</b>	<b>2,103,194</b>

**25.2 Marketing Expenses**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Personnel expenses	8,307,987	6,563,146	2,674,519	2,434,190
Export expenses	23,739,966	15,838,798	14,374,375	8,448,650
Domestic sales transportation expense	774,204	453,797	227,868	219,633
Depreciation expenses	260,878	227,160	52,034	83,706
Other expenses	2,874,336	1,873,968	1,625,125	668,237
Fair expense	1,017,190	966,592	690	254,477
	<b>36,974,561</b>	<b>25,923,461</b>	<b>18,954,611</b>	<b>12,108,893</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**25.3 General Administrative Expenses**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Personnel expenses	16,723,101	8,262,020	7,923,625	3,330,968
Insurance expenses	1,409,010	873,086	480,810	424,775
Vehicle and office rental expenses	145,862	158,776	88,297	40,871
Education and consultancy expenses	1,284,326	1,227,026	446,795	490,640
Office expenses	424,718	239,315	128,448	264,403
Capital market expenses	189,266	159,132	80,784	213
Repair and maintenance expenses	95,463	112,200	55,828	71,201
Travelling expenses	276,661	608,199	32,168	164,774
Membership expenses	159,754	177,367	39,673	48,844
Tax and duty expenses	1,271,253	973,514	77,045	34,670
Shares in holding cost (*)	933,228	812,438	340,606	288,069
Provision for severance pay expense	204,785	464,894	(513,104)	214,016
Provision for unused personnel leave	695,319	1,174,885	86,873	210,640
Depreciation expenses	1,108,044	930,871	280,517	333,580
Other expenses	1,070,589	1,217,365	189,114	7,455
	<b>25,991,379</b>	<b>17,391,088</b>	<b>9,737,479</b>	<b>5,925,119</b>

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 26 – OTHER OPERATING INCOME/ (EXPENSES)**

**26.1 Other Income From Operating Activities**

	<b>01.01.-</b> <b>30.09.2020</b>	<b>01.01.-</b> <b>30.09.2019</b>	<b>01.07.-</b> <b>30.09.2020</b>	<b>01.07.-</b> <b>30.09.2019</b>
Reversal of unnecessary provision	16,949	880,129	-	635,757
Insurance compensation income	577,184	-	-	-
Foreign exchange gains related to commercial activities	33,734,747	13,560,805	24,346,732	5,066,663
Discount income / expenses on payables, net	3,208,105	3,595,211	158,402	(634,048)
Foreign exchange gains from related parties related to commercial activities (6-iii-f)	11,467,033	5,380,290	2,383,924	-
Rental income	494,595	476,895	124,314	64,651
Other income and profit	3,723,650	4,796,114	1,984,618	3,217,264
	<b>53,222,263</b>	<b>28,689,444</b>	<b>28,997,990</b>	<b>8,350,287</b>

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

	<b>01.01.-</b> <b>30.09.2020</b>	<b>01.01.-</b> <b>30.09.2019</b>	<b>01.07.-</b> <b>30.09.2020</b>	<b>01.07.-</b> <b>30.09.2019</b>
Commission expenses	-	1,817,932	-	452,220
Foreign exchange gains related to commercial activities	24,666,506	12,575,876	5,305,828	1,450,938
Discount income/expenses on receivables, net	4,938,514	5,178,846	573,369	611,998
Other expenses and losses	613,216	749,899	340,552	98,065
Donation expenses	1,219,111	2,766,650	28,376	766,650
	<b>31,437,347</b>	<b>23,089,203</b>	<b>6,248,125</b>	<b>3,379,871</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

**NOTE 27 – INVESTMENT ACTIVITIES INCOME / EXPENSE**

**27.1 Income from Investment Activities**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Profit on sale of fixed assets	621,831	3,052,873	613,631	867,061
	<b>621,831</b>	<b>3,052,873</b>	<b>613,631</b>	<b>867,061</b>

**27.2 Expenses from Investment Activities**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Losses on sale of fixed assets	-	720,465	-	20,251
	<b>-</b>	<b>720,465</b>	<b>-</b>	<b>20,251</b>

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

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Shares related with investment valued by the equity pick-up method	10,563,221	4,176,595	5,885,046	1,896,482
	<b>10,563,221</b>	<b>4,176,595</b>	<b>5,885,046</b>	<b>1,896,482</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**NOTE 28 – FINANCIAL INCOME / EXPENSES**

**28.1 Financial Income**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Interest income	1,134,524	686,777	411,911	19,326
Maturity differences income from related parties (6-iii-g)	270,147	1,745,634	166,091	1,330,595
Foreign exchange income regarding financial activities	14,037,881	51,890,380	7,583,987	46,678,034
Exchange difference income from futures contracts	639,350	510,191	-	78,902
	<b>16,081,902</b>	<b>54,832,982</b>	<b>8,161,989</b>	<b>48,106,857</b>

**28.2 Financial Expenses (-)**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>	<b>01.07.- 30.09.2020</b>	<b>01.07.- 30.09.2019</b>
Interest expenses	37,931,018	32,641,296	15,498,533	12,294,983
Maturity differences expenses from related parties (6-iii-i)	815,553	-	37,630	-
Foreign exchange losses regarding financial activities	378,944,151	75,013,554	213,420,971	3,664,473
Foreign expenses for related parties (6-iii-h)	267,454	5,921,802	267,454	843,708
Commission expenses of borrowings	8,377,813	7,597,632	2,821,741	2,265,360
Financial expenses from right of use assets	88,981	28,725	13,387	8,879
Foreign exchange losses arising from futures contracts	8,950	1,715,113	(27,525)	234,778
Other financial expenses	2,365,263	1,890,929	808,213	502,910
	<b>428,799,183</b>	<b>124,809,051</b>	<b>232,840,404</b>	<b>19,815,091</b>

## **NOTE 29 – TAX ASSETS AND LIABILITIES**

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

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

The applied effective interest rate in the year of 2020 is 22% (2019: 22%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 22% in 2020 (2019: 22%).

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

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

### *Taxable losses*

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

### *Issue Premium Exemption*

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

### *The Real Estate and Subsidiary Share Sales Gain Exemption*

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

### *Investment Allowance Exemptions*

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

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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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.



**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

*Deferred Tax:*

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

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

	30.09.2020		31.12.2019	
	Cumulative temporary differences	Deferred tax / (liability)	Cumulative temporary differences	Deferred tax / (liability)
<u>Deferred tax assets:</u>				
Unearned interests on receivables	1,909,902	381,981	959,768	211,149
Severance pay provision	54,527,566	10,905,514	48,560,363	9,712,072
Unused vacation provisions	6,516,019	1,303,204	6,735,719	1,481,858
Reversal of capitalized financial expenses (except land, buildings)	134,074,295	26,814,859	75,396,642	15,079,328
Reversal of capitalized financial expenses (land, buildings)	31,432,117	3,143,212	31,432,118	3,143,212
Deductible retained losses	56,749,714	11,349,943	18,364,982	4,040,296
Foreign exchange	2,796,431	559,286	2,403,629	528,798
Effect of other corrections	34,298,607	6,859,724	14,663,724	3,226,024
<b>Deferred tax assets</b>		<b>61,317,723</b>		<b>37,422,737</b>
<u>Deferred tax liabilities:</u>				
Tangible assets (land, building, land improvements and depreciations), net	39,996,487	7,999,297	14,330,502	2,866,100
Unearned interests on payables	2,248,337	449,667	3,028,612	666,294
Adjustments related to financial debts	-	-	715,218	157,349
Investment property increase in value	1,069,127	106,913	1,069,127	106,913
Effect of other corrections	2,036,490	407,298	3,229,594	710,511
Insurance indemnity accrual	-	-	1,979,172	435,416
<b>Deferred tax liabilities</b>		<b>8,963,175</b>		<b>4,942,583</b>
<b>Deferred tax assets / (liabilities), net</b>		<b>52,354,548</b>		<b>32,480,154</b>

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

Within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated 05 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the said law, deferred tax assets and liabilities are recognized in the consolidated financial statements as of 31 December 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.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

For the period ended at 30 September 2020 and 2019 movements of deferred tax assets and liabilities are as follows:

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>
Current corporation tax	(764,866)	-
Deferred tax assets/(liabilities), net	20,449,252	(3,800,611)
	<b>19,684,386</b>	<b>(3,800,611)</b>

<b>Deferred Tax (Asset) / Liability Movements</b>	<b>01.01.- 30.09.2020</b>	<b>01.01.- 31.12.2019</b>
Opening balance	32,480,154	34,795,658
Deferred tax income / (expense)	20,449,252	(2,382,761)
Actuarial (gain) / loss effect prior periods	(574,858)	67,257
<b>Closing balance</b>	<b>52,354,548</b>	<b>32,480,154</b>

**NOTE 30 – EARNINGS PER SHARE**

	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>
Net profit / (loss) for the period	(181,046,632)	12,356,253
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000
<b>Simple earnings and divided earnings per share (TRY)</b>	<b>(0.7242)</b>	<b>0.0494</b>

**NOTE 31 – FINANCIAL INSTRUMENTS**

<b>Financial assets</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
Liquid assets	29,905,744	30,933,504
Trade receivables	368,622,897	124,239,432
Other receivables	38,229,290	14,044,302
<b>Financial liabilities</b>		
Financial borrowings	1,592,659,476	993,506,528
Lease payables	6,679,467	7,524,780
Other payables	20,680,439	2,452,989
Trade payables	284,810,124	267,149,534

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

**Financial Instruments**

**Credit Risk**

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

As of 30 September 2020, maximum net credit risk is as follows:

	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>	99,654,186	268,968,711	19,459,608	18,769,682	29,696,527
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	99,654,186	268,968,711	19,459,608	18,769,682	29,696,527
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	-	-	-	-	-
The part under guarantee with collateral etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	65,554	-	-	-
Impairment (-)	-	(65,554)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 31 December 2019, maximum net credit risk is as follows:

	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>	46,036,187	78,203,245	6,367,331	7,676,971	30,852,502
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	46,036,187	78,203,245	-	7,676,971	30,852,502
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	-	-	6,367,331	-	-
The part under guarantee with collateral etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	65,554	-	-	-
Impairment (-)	-	(65,554)	-	-	-
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	-	-	-	-	-

(\*) Other receivables amounting to TRY 6,367,331 including principal and maturity difference from Akça Holding A.Ş., one of the related parties of the Group were closed in February 2020.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

**Liquidity risk**

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

As of 30 September 2020, Group’s liquidity risk table is as follows:

<b>30 September 2020</b>						
<b>Maturities according to agreement</b>	<b>Book Value</b>	<b>Contractual total cash outflow (=I+II+III+IV)</b>	<b>Less than 3 months (I)</b>	<b>3 – 12 months (II)</b>	<b>1- 5 Years (III)</b>	<b>More than 5 Years (IV)</b>
<b>Financial Liabilities Non Derivatives</b>	<b>1,930,267,296</b>	<b>2,049,924,674</b>	<b>492,337,288</b>	<b>554,759,179</b>	<b>728,492,689</b>	<b>274,335,518</b>
Financial borrowings	1,592,067,319	1,709,255,735	225,162,195	482,757,429	727,000,593	274,335,518
Financial leasing	6,679,467	6,900,094	1,534,190	3,873,808	1,492,096	-
Trade payables	284,810,124	287,058,460	237,188,648	49,869,812	-	-
- <i>Related parties</i>	5,299	5,373	5,373	-	-	-
- <i>Other parties</i>	284,804,825	287,053,087	237,183,275	49,869,812	-	-
Other liabilities	46,710,386	46,710,385	28,452,255	18,258,130	-	-
- <i>Related parties</i>	734,597	734,597	-	734,597	-	-
- <i>Other parties</i>	45,975,789	45,975,788	28,452,255	17,523,533	-	-
	<b>1,930,267,296</b>	<b>2,049,924,674</b>	<b>492,337,288</b>	<b>554,759,179</b>	<b>728,492,689</b>	<b>274,335,518</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 31 December 2019, Group’s liquidity risk table is as follows:

<b>31 December 2019</b>						
<b>Maturities according to agreement</b>	<b>Book Value</b>	<b>Contractual total cash outflow (=I+II+III+IV)</b>	<b>Less than 3 months (I)</b>	<b>3 – 12 months (II)</b>	<b>1- 5 Years (III)</b>	<b>More than 5 Years (IV)</b>
<b>Financial Liabilities Non Derivatives</b>	<b>1,287,531,245</b>	<b>1,360,613,991</b>	<b>462,806,197</b>	<b>346,085,034</b>	<b>402,493,181</b>	<b>149,229,579</b>
Financial borrowings	992,460,907	1,064,951,326	189,916,712	327,383,302	398,421,733	149,229,579
Financial leasing	7,524,780	8,341,677	1,047,391	3,222,838	4,071,448	-
Trade payables	267,149,534	266,924,964	266,283,881	641,083	-	-
- <i>Related parties</i>	-	-	-	-	-	-
- <i>Other parties</i>	267,149,534	266,924,964	266,283,881	641,083	-	-
Other liabilities	20,396,024	20,396,024	5,558,213	14,837,811	-	-
- <i>Related parties</i>	85,050	85,050	85,050	-	-	-
- <i>Other parties</i>	20,310,974	20,310,974	5,473,163	14,837,811	-	-
	<b>1,287,531,245</b>	<b>1,360,613,991</b>	<b>462,806,197</b>	<b>346,085,034</b>	<b>402,493,181</b>	<b>149,229,579</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 September 2020, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group’s net profit will increase / decrease TRY 2,800,155

### **Foreign currency risk**

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

As of 30 September 2020, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 122,519,283 more/less. (%20 evaluation/devaluation : 245,038,564 TL).

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

*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	(13,946,598)	13,946,598	(13,946,598)	13,946,598
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(13,946,598)	13,946,598	(13,946,598)	13,946,598
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(109,751,419)	109,751,419	(109,751,419)	109,751,419
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(109,751,419)	109,751,419	(109,751,419)	109,751,419
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	1,178,734	(1,178,734)	1,178,734	(1,178,734)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	1,178,734	(1,178,734)	1,178,734	(1,178,734)
<b>TOTAL (3+6+9+12)</b>	<b>(122,519,283)</b>	<b>122,519,283</b>	<b>(122,519,283)</b>	<b>122,519,283</b>

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 20% against USD				
1- USD net asset / liability	(27,893,194)	27,893,194	(27,893,194)	27,893,194
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(27,893,194)	27,893,194	(27,893,194)	27,893,194
In the case of increasing / losing value of TRY by 20% against EUR				
4- EUR net asset / liability	(219,502,838)	219,502,838	(219,502,838)	219,502,838
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(219,502,838)	219,502,838	(219,502,838)	219,502,838
In the case of increasing / losing value of TRY by 20% against GBP				
7- GBP net asset / liability	2,357,468	(2,357,468)	2,357,468	(2,357,468)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	2,357,468	(2,357,468)	2,357,468	(2,357,468)
<b>TOTAL (3+6+9+12)</b>	<b>(245,038,564)</b>	<b>245,038,564</b>	<b>(245,038,564)</b>	<b>245,038,564</b>

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 31 December 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 104,178,841 more/less. (%20 evaluation/devaluation: 208,357,680 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	(30,758,594)	30,758,594	(30,758,594)	30,758,594
2-Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(30,758,594)	30,758,594	(30,758,594)	30,758,594
	In the case of increasing / losing value of TRY by 10% against EUR			
4- EUR net asset / liability	(74,231,773)	74,231,773	(74,231,773)	74,231,773
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(74,231,773)	74,231,773	(74,231,773)	74,231,773
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	811,483	(811,483)	811,483	(811,483)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	811,483	(811,483)	811,483	(811,483)
	In the case of increasing / losing value of TRY by 10% against CHF			
10- CHF net asset / liability	43	(43)	43	(43)
11- Part of hedged from CHF risk (-)	-	-	-	-
12- CHF net effect(10+11)	43	(43)	43	(43)
<b>TOTAL (3+6+9+12)</b>	<b>(104,178,841)</b>	<b>104,178,841</b>	<b>(104,178,841)</b>	<b>104,178,841</b>

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
	In the case of increasing / losing value of TRY by 20% against USD			
1-USD net asset / liability	(61,517,187)	61,517,187	(61,517,187)	61,517,187
2-Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(61,517,187)	61,517,187	(61,517,187)	61,517,187
	In the case of increasing / losing value of TRY by 20% against EUR			
4- EUR net asset / liability	(148,463,545)	148,463,545	(148,463,545)	148,463,545
5- Part of hedged from EUR risk (-)	-	-	-	-
6 EUR net effect (4+5)	(148,463,545)	148,463,545	(148,463,545)	148,463,545
	In the case of increasing / losing value of TRY by 20% against GBP			
7- GBP net asset / liability	1,622,967	(1,622,967)	1,622,967	(1,622,967)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	1,622,967	(1,622,967)	1,622,967	(1,622,967)
	In the case of increasing / losing value of TRY by 20% against CHF			
10- CHF net asset / liability	85	(85)	85	(85)
11- Part of hedged from CHF risk (-)	-	-	-	-
12- CHF net effect(10+11)	85	(85)	85	(85)
<b>TOTAL (3+6+9+12)</b>	<b>(208,357,680)</b>	<b>208,357,680</b>	<b>(208,357,680)</b>	<b>208,357,680</b>



**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

**Risk of intensification of sales**

During the reporting periods ending on 30 September 2020 and 2019, the risk of intensification of the Group's sales is due to sales from textile sector operations.

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. Even so, as of 30 September 2020, the share of the largest buyer in the revenue from textile sector operations is 45.13% (30 September 2019: 53.59%). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 90.49%. (30 September 2019: 89.06%) Domestic sales of dried fruits (grape, fig and apricot) produced by Menderes as subcontractors are made in accordance with the "Sales Agreement" signed between Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş., the related party of the Group and Osman Akça exports these products to different customers abroad

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

Textile:

<b>Customer</b>	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>
A Company	45.13%	53.59%
	45.13%	53.59%

Agriculture:

<b>Customer</b>	<b>01.01.- 30.09.2020</b>	<b>01.01.- 30.09.2019</b>
B Company	90.49%	89.06%
	90.49%	89.06%

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 30 September 2020, amounts of assets and liabilities of the Group in foreign currency are as follows:

	30 September 2020				
	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	275,497,316	23,046,588	9,164,720	1,185,644	-
2a. Monetary Financial Assets (including cash and banks)	25,193,561	2,378,240	725,588	102	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	18,075,011	1,147,810	998,336	-	-
<b>4. Current Assets (1+2+3)</b>	<b>318,765,888</b>	<b>26,572,638</b>	<b>10,888,644</b>	<b>1,185,746</b>	<b>-</b>
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	2,328,619	154,243	123,168	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>2,328,619</b>	<b>154,243</b>	<b>123,168</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>321,094,507</b>	<b>26,726,881</b>	<b>11,011,812</b>	<b>1,185,746</b>	<b>-</b>
10. Trade Payables	105,775,168	10,051,117	2,978,636	10,643	-
11. Financial Liabilities	606,087,445	13,051,940	55,233,608	-	-
12a. Other monetary financial liabilities	60,754	7,781	-	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>711,923,367</b>	<b>23,110,838</b>	<b>58,212,244</b>	<b>10,643</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	834,363,957	21,477,975	73,034,249	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>834,363,957</b>	<b>21,477,975</b>	<b>73,034,249</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities</b>	<b>1,546,287,324</b>	<b>44,588,813</b>	<b>131,246,493</b>	<b>10,643</b>	<b>-</b>
<b>19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-
<b>20. Net foreign currency asset / liabilities (9-18+19)</b>	<b>(1,225,192,817)</b>	<b>(17,861,932)</b>	<b>(120,234,681)</b>	<b>1,175,103</b>	<b>-</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>(1,243,267,828)</b>	<b>(19,009,742)</b>	<b>(121,233,017)</b>	<b>1,175,103</b>	<b>-</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>805,922,534</b>	<b>25,118,859</b>	<b>26,583,338</b>	<b>2,337,033</b>	<b>-</b>
<b>24. Imports(**)</b>	<b>366,655,709</b>	<b>38,144,412</b>	<b>15,013,654</b>	<b>28,778</b>	<b>2,501</b>

(\*) The Group has TRY 401,482,188 export for the period of 01.01.-30.09.2020

(\*\*) Group has TRY 263,598 import for the period of 01.01.-30.09.2020.

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

<b>31 December 2019</b>	<b>TRY equivalent functional currency</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CHF</b>
1. Trade Receivables	64,587,607	4,444,105	4,522,078	1,043,426	-
2a. Monetary Financial Assets (including cash and banks)	8,122,514	695,630	599,837	81	70
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	1,887,308	317,718	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>74,597,429</b>	<b>5,457,453</b>	<b>5,121,915</b>	<b>1,043,507</b>	<b>70</b>
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	32,843,043	-	4,938,358	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>32,843,043</b>	<b>-</b>	<b>4,938,358</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>107,440,472</b>	<b>5,457,453</b>	<b>10,060,273</b>	<b>1,043,507</b>	<b>70</b>
10. Trade Payables	172,839,503	24,200,265	4,373,303	-	-
11. Financial Liabilities	511,036,405	18,035,028	60,732,074	-	-
12a. Other monetary financial liabilities	113,836	8,017	9,956	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>683,989,744</b>	<b>42,243,310</b>	<b>65,115,333</b>	<b>-</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	465,239,128	14,994,543	56,561,595	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>465,239,128</b>	<b>14,994,543</b>	<b>56,561,595</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities</b>	<b>1,149,228,872</b>	<b>57,237,853</b>	<b>121,676,928</b>	<b>-</b>	<b>-</b>
<b>19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-
<b>20. Net foreign currency asset / liabilities (9-18+19)</b>	<b>(1,041,788,400)</b>	<b>(51,780,400)</b>	<b>(111,616,655)</b>	<b>1,043,507</b>	<b>70</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>(1,043,675,707)</b>	<b>(52,098,118)</b>	<b>(111,616,655)</b>	<b>1,043,507</b>	<b>70</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>971,835,617</b>	<b>31,822,692</b>	<b>25,123,689</b>	<b>2,461,220</b>	<b>-</b>
<b>24. Imports(**)</b>	<b>514,580,730</b>	<b>77,623,883</b>	<b>10,800,934</b>	<b>20,735</b>	<b>18,557</b>

(\*) The Group has TRY 614,474,396 export for the period of 01.01.-31.12.2019

(\*\*) The Group has TRY 539,176 import for the period of 01.01.-31.12.2019

**MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AT 30 SEPTEMBER 2020**  
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

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

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

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

Financial Assets

Monetary assets for which fair value approximates carrying value:

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

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

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

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 September 2020 and 31 December 2019, net debt / total equity ratio is as follows:

	<b>30.09.2020</b>	<b>31.12.2019</b>
Total debts	2,002,068,160	1,349,252,612
Liquid assets	(29,905,744)	(30,933,504)
Net debt	1,972,162,416	1,318,319,108
Total equity	(18,734,432)	181,062,353
Total capital	1,953,427,984	1,499,381,461
Net Debt/Total Capital	101%	88%

**NOTE 34 - OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR REQUIRED TO BE DISCLOSED FOR CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION**

During the retrospective analysis, it was determined that in the financial transactions with Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş, which is a related party of the Group, the exchange rate differences calculated in TRY were inadvertently added to the USD balance in the currency valuation made in the March, June, and September 2013.

As a result of the period ended on 31 December 2013, the amount of liability, which should have been shown as USD 8,555,320 was increased by USD 9,228,663 and reported as USD 17,783,982.

As a result of the correction of the USD 9,228,663 principal receivable that occurred in favor of the Company due to incorrect currency evaluations performed during the 2013 operating period, a total of TRY 54,820,102 including TRY 19,696,735 principal and foreign exchange difference and TRY 35,123,367 foreign exchange difference adjustment in other years, was retrospectively corrected. The summary of the differences resulting from the foreign currency valuation of the related balance as of previous periods is as follows.