

**Tümosan Motor ve Traktör Sanayi A.Ş.**  
**and its Subsidiaries**

Convenience Translation Into English of Condensed  
Consolidated Interim Financial Statements For The Three-  
Month Period Ended and Review 31 March 2020  
(originally issued in Turkish)

**Tümosan Motor ve Traktör Sanayi A.Ş.**  
**and its Subsidiaries**

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**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**

## Consolidated Interim Statement of Financial Position

As at 31 March 2020

Monetary Unit: Turkish Lira ("TL")

	<i>Notes</i>	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	4	35.916.486	27.029.057
Financial Investments	5	51.764.096	53.584.115
Trade Receivables			
-Trade Receivables from Related Parties	3	16.844.475	13.159.275
-Trade Receivables from Non-Related Parties	7	199.179.614	199.662.943
Other Receivables			
- Other Receivables from Related Parties	3	73.957.590	58.512.230
- Other Receivables from Non-Related Parties	8	2.289.777	2.095.368
Inventories	9	135.522.310	137.019.526
Prepaid Expenses	10	30.920.264	19.534.662
Current Tax Assets		39.667	6.665
Other Current Assets	17	9.602.810	9.700.061
<b>Total Current Assets</b>		<b>556.037.089</b>	<b>520.303.902</b>
<b>Non-Current Assets</b>			
Financial Investments		700.000	700.000
Trade Receivables			
-Trade Receivables From Non-Related Parties	7	2.150.331	2.044.700
Property, Plant And Equipment	12	666.093.733	672.784.947
Intangible Assets			
- Other Intangible Assets	13	4.523.198	5.338.211
Investment Property	11	17.714.985	17.714.985
Prepaid Expenses		116.593	--
Right o Use Assets	14	3.338.994	3.422.469
<b>Total Non-Current Assets</b>		<b>694.637.834</b>	<b>702.005.312</b>
<b>Total Assets</b>		<b>1.250.674.923</b>	<b>1.222.309.214</b>

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

**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries****Consolidated Interim Statement of Financial Position**

As at 31 March 2020

Monetary Unit: Turkish Lira ("TL")

	<i>Notes</i>	<b>Unaudited</b>	<b>Audited</b>
<b>LIABILITIES</b>		<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Short Term Liabilities</b>			
Short Term Borrowings	6	260.202.340	213.195.094
Short Term Portion of Long-Term Borrowings	6	2.022.649	939.354
Trade Payables	14	89.327	--
- Trade Payables to Related Parties			8.523.417
- Trade Payables to Non-Related Parties	3	203.518	89.573.856
Payables Related To Employee Benefits	7	85.402.736	3.652.293
Other Payables	16	4.074.313	
- Other Payables to Related Parties			21.318.467
- Other Payables To Non-Related Parties	3	14.645.761	3.939.781
Deferred Income	8	7.886.289	15.587.050
Short Term Provisions	10	37.270.843	
- Short Term Provisions For Employee Benefits			1.679.593
- Other Provisions	16	1.782.598	7.960.411
Liabilities From Leasing Transactions	15	7.155.879	83.457
<b>Total Short-Term Liabilities</b>		<b>420.736.253</b>	<b>366.452.773</b>
<b>Long Term Liabilities</b>			
Long Term Borrowings	6	50.973.683	67.333.062
Long Term Provisions		3.960.147	3.984.804
- Long Term Provisions For Employee Benefits	16		
Deferred Tax Liability	25	4.675.670	3.946.890
Liabilities From Leasing Transactions		48.036.620	49.006.881
<b>Total Long-Term Liabilities</b>		<b>107.646.120</b>	<b>124.271.637</b>
<b>Total Liabilities</b>		<b>528.382.373</b>	<b>490.724.410</b>
<b>Equity</b>			
<b>Equity Attributable To The Owners of The Company</b>	18	<b>722.292.550</b>	<b>731.584.804</b>
Paid-In Share Capital		115.000.000	115.000.000
Share Premium		13.074.563	13.074.563
Accumulated Other Comprehensive Income			
- Revaluation Surplus		539.751.879	539.751.879
- Actuarial Differences		(1.429.918)	(938.817)
Restricted Reserves		14.047.934	14.047.934
Retained Earnings		50.649.245	85.009.286
Net Loss For The Period		(8.801.153)	(34.360.041)
<b>Total Equity</b>		<b>722.292.550</b>	<b>731.584.804</b>
<b>Total Equity and Liabilities</b>		<b>1.250.674.923</b>	<b>1.222.309.214</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements

**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**

## Consolidated Interim Statement of Profit or Loss

For the Three-Month Period Ended 31 March 2020

Monetary Unit: Turkish Lira ("TL")

	<i>Notes</i>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>1 January – 31 March 2020</b>	<b>1 January – 31 March 2019</b>
Revenue	19	109.921.863	96.293.377
Cost of Sales (-)	19	(91.040.263)	(83.405.977)
<b>Gross Profit</b>		<b>18.881.600</b>	<b>12.887.400</b>
General Administrative Expenses (-)	20	(6.017.406)	(5.755.360)
Marketing Expenses (-)	20	(7.368.887)	(8.254.680)
Research and Development Expenses (-)	20	(4.897.440)	(3.782.042)
Other Operating Income		3.454.141	8.940.217
Other Operating Expenses (-)		(4.923.794)	(6.277.022)
<b>Operating Loss</b>		<b>(871.786)</b>	<b>(2.241.487)</b>
Gain From Investment Activities		--	--
<b>Operating Loss Before Financial Expenses, net</b>		<b>(871.786)</b>	<b>(2.241.487)</b>
Financial Income	21	1.840.367	6.127.686
Financial Expenses (-)	21	(10.601.480)	(12.348.514)
<b>Financial Expenses, Net</b>		<b>(8.761.113)</b>	<b>(6.220.828)</b>
<b>Loss Before Tax</b>		<b>(9.632.899)</b>	<b>(8.462.315)</b>
<b>Tax Income/ (Expense)</b>	<b>22</b>	<b>831.746</b>	<b>2.502.905</b>
- Current Tax Expense For The Period		--	--
- Deferred Tax Income		831.746	2.502.905
<b>Loss For The Period</b>		<b>(8.801.153)</b>	<b>(5.959.410)</b>
<b>Distribution of net profit or (loss) for the period</b>			
Non-controlling interest		--	--
Equity Holders of The Company		(8.801.153)	(5.959.410)
<b>Number of Shares</b>	<b>23</b>	<b>115.000.000</b>	<b>115.000.000</b>
<b>Loss Per Share</b>	<b>23</b>	<b>(0,0765)</b>	<b>(0,0518)</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements

**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**  
**Consolidated Interim Statement of Other Comprehensive Income**  
**For the Three-Month Period Ended 31 March 2020**  
*Monetary Unit: Turkish Lira (“TL”)*

	<i>Notes</i>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>1 January– 31 March 2020</b>	<b>1 January – 31 March 2019</b>
<b>Loss for the period</b>		<b>(8.801.153)</b>	<b>(5.959.410)</b>
<b>Total other comprehensive income</b>			
<b>Not to be reclassified to profit or loss</b>			
- Actuarial differences	<i>16</i>	(629.616)	(477.767)
- Deferred tax incomexx”	<i>22</i>	138.515	105.109
<b>Total Other Comprehensive Income</b>		<b>(491.101)</b>	<b>(372.658)</b>
<b>Total Comprehensive Income</b>		<b>(9.292.254)</b>	<b>(6.332.068)</b>

**Distribution of total comprehensive income**

Non-controlling interest	--	--
Equity holders of the Company	(9.292.254)	(6.332.068)

The accompanying notes form an integral part of these condensed consolidated interim financial statements

**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**

Consolidated Interim Statement of Change in Equity

For the Three-Month Period Ended 31 March 2020

Monetary Unit: Turkish Lira ("TL")

			<i>Accumulated Other Comprehensive Income</i>		<i>Restricted Reserves</i>	<i>Retained Earnings</i>	<i>Net Profit/Loss</i>	<i>Total</i>
	<i>Paid-In Share Capital</i>	<i>Share Premium</i>	<i>Revaluation Reserves</i>	<i>Actuarial Differences</i>				
<b>1 January 2019</b>	<b>115.000.000</b>	<b>13.074.563</b>	<b>172.764.682</b>	<b>(252.156)</b>	<b>14.047.934</b>	<b>107.505.258</b>	<b>(22.231.494)</b>	<b>399.908.787</b>
Changes in Accounting Policies	--	--	--	--	--	(330.597)	--	(330.597)
<b>1 January 2019 Adjusted Balance</b>	<b>115.000.000</b>	<b>13.074.563</b>	<b>172.764.682</b>	<b>(252.156)</b>	<b>14.047.934</b>	<b>107.174.661</b>	<b>(22.231.494)</b>	<b>399.578.190</b>
Transfers	--	--	--	--	--	(22.231.494)	22.231.494	--
Loss for the period	--	--	--	--	--	--	(5.959.410)	(5.959.410)
Other comprehensive income	--	--	--	(372.658)	--	--	--	(372.658)
<b>31 March 2019</b>	<b>115.000.000</b>	<b>13.074.563</b>	<b>172.764.682</b>	<b>(624.814)</b>	<b>14.047.934</b>	<b>84.943.167</b>	<b>(5.959.410)</b>	<b>393.246.122</b>
<b>1 January 2020</b>	<b>115.000.000</b>	<b>13.074.563</b>	<b>539.751.879</b>	<b>(938.817)</b>	<b>14.047.934</b>	<b>85.009.286</b>	<b>(34.360.041)</b>	<b>731.584.804</b>
Transfers	--	--	--	--	--	(34.360.041)	34.360.041	--
Loss for the period	--	--	--	--	--	--	(8.801.153)	(8.801.153)
Other comprehensive income	--	--	--	(491.101)	--	--	--	(491.101)
<b>31 March 2020</b>	<b>115.000.000</b>	<b>13.074.563</b>	<b>539.751.879</b>	<b>(1.429.918)</b>	<b>14.047.934</b>	<b>50.649.245</b>	<b>(8.801.153)</b>	<b>722.292.550</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements

## Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

### Consolidated Interim Statement of Cash Flow

For the Three-Month Period Ended 31 March 2020

Monetary Unit: Turkish Lira (“TL”)

	<i>Notes</i>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>1 January– 31 March 2020</b>	<b>1 January – 31 March 2019</b>
Net Loss For The Period		(8.801.153)	(5.959.410)
<b>Adjustments To Reconcile Cash Flow Generated From Operating Activities:</b>			
Depreciation And Amortization	<i>11,12,13</i>	8.736.174	4.989.302
Provision For Employee Benefits	<i>15</i>	677.794	640.158
Provision For Doubtful Receivables		3.554.470	(1.670.105)
Tax Income	<i>21</i>	(831.746)	(2.502.905)
Other Provisions)	<i>13</i>	(1.840.367)	(556.263)
Interest Income	<i>20</i>	(804.532)	(1.429.686)
Provisions For Unused Vacation	<i>14</i>	103.005	(61.283)
Impairment of Inventory	<i>15</i>	(175.679)	--
Impairment of Inventory		279.269	281.669
Interest Expense	<i>20</i>	9.306.460	12.066.845
<b>Operating Cash Flow Before Change In Assets And Liabilities</b>			
<b>Change In Assets And Liabilities</b>			
Change In Trade Receivables And Other Receivables		7.075.790	(14.267.636)
Change In Inventories		(49.394.916)	(1.269.428)
Change In Prepaid Expenses And Other Current Assets And Liabilities		14.666.306	5.765.124
Change In Trade Payables And Other Payables		27.596.114	5.791.464
Change In Payables Related Employee Benefits		(198.778)	(387.094)
Change In Deferred Income		(4.355.893)	2.915.678
Employee Severance Indemnity Paid	<i>15</i>	(58.044)	--
Taxes Received / (Paid)		83.663	(181.868)
<b>Net Cash Used From Operations</b>		<b>1.775.316</b>	<b>7.420.338</b>
<b>Investing Activities</b>			
Change In Financial Investments	<i>5</i>	1.820.019	(48.125)
Purchase of Property, Plant And Equipment And Intangible Assets	<i>12,13</i>	(1.236.143)	(2.665.921)
Sales of Property, Plant And Equipment		89.670	519
<b>Net Cash Used From Operations</b>		<b>673.546</b>	<b>(2.713.527)</b>
<b>Financing Activities</b>			
Financial Borrowings, Net		31.731.162	18.440.983
Payments Related To Leasing Agreements		(298.056)	(251.099)
Interest Received		1.840.367	556.263
Interest Paid		(9.306.460)	(12.066.845)
<b>Net Cash Provided From Financing Activities</b>		<b>23.967.013</b>	<b>6.679.302</b>
Net Increase/(Decrease) In Cash And Cash Equivalents		8.887.429	1.079.015
Cash And Cash Equivalents At The Beginning of The Period	<i>4</i>	27.029.057	5.541.685
<b>Cash And Cash Equivalents At The End of The Period</b>	<b>4</b>	<b>35.916.486</b>	<b>6.620.700</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements



**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**  
Notes to the Condensed Interim Consolidated Financial Statements  
As at and for the Three-Month Period Ended 31 March 2020  
*Monetary Unit: Turkish Lira (“TL”)*

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**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**  
Notes to the Condensed Consolidated Interim Financial Statements  
As at and for the Three-Month Period Ended 31 March 2020  
Monetary Unit: Turkish Lira (“TL”)

**1 Organization and Nature of Operations**

Tümosan Motor ve Traktör Sanayi A.Ş. (formerly known as Alçelik Çelik Yapı İnşaat Sanayi ve Ticaret Anonim Şirketi) (“Tümosan” or “the Company”), was established in 1975 to produce engine parts, transfer organs and similar equipment, but then concentrated its activities on diesel engine and tractor production. Tümosan, which is the first diesel engine producer of Turkey, along with providing diesel engines to tractors produced under the same brand, produced diesel engines for many years for other companies producing diesel vehicles.

The Company was taken into the scope and program of privatization on 18 August 1998 and the shares belonging to Mechanics and Chemistry Institution Corporation were transferred to Directorate of Privatization Administration and it was decided that privatization procedures shall be completed within a year.

Four companies participated in the privatization tender of the Company held on 24 April 2000 and at the end of the tender, Anadolu Joint Venture Group took the first place when Konya Selçuklu Joint Venture Group took the second place. At the end of the tender, since the sale contracts forwarded respectively to the ventures could not be signed within the specified time frame, their indemnities were recorded as revenue and the tender could not be concluded positively.

Tümosan, which continued its activities in a more limited frame after the tender, was adhered to Sümer Holding on 7 February 2003. For privatization purposes, the second tender was held in 2004 and Tümosan was acquired by Alçelik Çelik Yapı İnşaat Sanayi ve Ticaret A.Ş. through asset sale and the takeover was completed on 1 July 2004.

26% of the Company’s shares were offered to public at Istanbul Stock Exchange on 5 December 2012

Since 5 December 2012, the shares of the Company are traded at Istanbul Stock Exchange.

The headquarters and factory of the Company is at the following addresses:

Headquarters:

Maltepe Mahallesi Londra Asfaltı Caddesi No:28/1 Topkapı, 34010, Zeytinburnu/İstanbul/Turkey

Factory:

Büyükkayalık Mahallesi Aksaray Çevre Yolu Caddesi No:7/1 Selçuklu/Konya/Turkey

Information regarding the Company’s shareholding interests and their shares is as follows:

Name	31 March 2020 Shareholding Rates %	31 December 2019 Shareholding Rates %
Ereğli Tekstil Turizm Sanayi ve Ticaret A.Ş.	60,87	64,59
Muzaffer Albayrak	1,74	1,74
Ahmet Albayrak	1,74	1,74
Bayram Albayrak	1,74	1,74
Nuri Albayrak	1,74	1,74
Kazım Albayrak	1,74	1,74
Mustafa Albayrak	1,74	1,74
Share publicly open in stock exchange	28,69	24,97
<b>Total</b>	<b>100,00</b>	<b>100,00</b>

The main shareholder of the company is Ereğli Tekstil Turizm Sanayi ve Ticaret A.Ş. (“Ereğli Tekstil”) which is controlled by Albayrak Family.

**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**  
Notes to the Condensed Interim Consolidated Financial Statements  
As at and for the Three-Month Period Ended 31 March 2020  
*Monetary Unit: Turkish Lira ("TL")*

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**1 Organization and Nature of Operations (continued)**

As of 31 March 2020, the average number of personnel of the Company is 458 (31 December 2019: 461).

**Subsidiaries Included in the Consolidation**

**Tümosan Döküm A.Ş.:** The company engages in all kinds of casting and machining operations and trading.

**Tümosan Savunma A.Ş.:** The company engages to develop new products in defense and weapons, have R&D activities, contribute the production of existing products, and operate arms and related industry product purchases and sales.

The consolidated financial statements as of 31 March 2020 have been prepared by fully consolidating the subsidiaries stated below to the Company.

<b>Company</b>	<b>Rate of Control</b>	
	<b>31 March 2020</b>	<b>31 December 2019</b>
Tümosan Döküm A.Ş.	% 100	% 100
Tümosan Savunma A.Ş.	% 100	% 100

## **2 Basis of Presentation of Financial Statements**

### **2.1 Basis of Presentation**

#### **(a) Basis of Preparation of Financial Statements**

The consolidated financial statements and disclosures have been prepared in accordance with the communique numbered II-14, 1 "Communique" on the Principles of Financial Reporting in Capital Markets" (the Communique) announced by the Capital Markets Board" ("CMB") on 13 June 2013 which is published on official Gazette numbered 28676. In accordance with Communique, the listed companies should apply Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/IFRS") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA").

Consolidated financial statements and their supplementary footnotes are presented in accordance with their formats in the "Financial Statement Samples and Usage Guide" published

#### **(b) Basis of Measurement**

The consolidated financial statements are prepared in TL based on historical cost except from financial assets and liabilities, lands, buildings and equipment at fair value recognized under property, plants and equipment's measured at fair value.

#### **(c) Correction of financial statements of hyperinflation periods**

With the decision taken on 17 March 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with Turkish accounting standards. Accordingly, TAS 29 is not applied starting from 1 January 2005.

#### **(d) Reporting and Functional Currency**

The consolidated financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the functional and presentation currency of the Company is TL.

#### **(e) Comparative Information**

The consolidated financial statements are prepared including comparative information in order to enable readers to understand the trends in the financial position and performance of the Group. The change in presentation or reclassification of the financial statement items is applied retrospectively and the reclassifications made in the prior year financial information are disclosed in the notes to the financial statements.

**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**  
Notes to the Condensed Interim Consolidated Financial Statements  
As at and for the Three-Month Period Ended 31 March 2020  
*Monetary Unit: Turkish Lira ("TL")*

**2 Basis of Presentation of Financial Statements (continued)**

**2.1 Basis of Presentation (continued)**

**(f) Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Group at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at the date. Foreign currency differences arising on translation of foreign currency transactions are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange rates prevailing at the balance sheet date are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
USD/TL	6,5160	5,9402
EURO /TL	7,2150	6,6506
GBP/TL	8,0579	7,7765
CHF/TL	6,8013	6,0932

**(g) Basis of Consolidation**

As at 31 March 2020 and 31 December 2019, the consolidated financial statements include the financial statements of the subsidiaries and named of Tümosan Motor ve Traktör Sanayi A.Ş.

**(i) Subsidiaries**

Subsidiaries are those entities on which the Group has the power to control. The Group controls the companies when it is incurred changeable returns due to relations of any companies or has a right to own these returns and has a power to affect these returns. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group to the date on which control is transferred out from the Group. The Group has made adjustments on the financial statements of the subsidiaries to be inconsistent with the basis of applied accounting standards if it is necessary.

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages (%) as of 31 March 2020 and 31 December 2019 for all subsidiaries directly controlled by the Group and included in the scope of consolidation:

<b>Company</b>	<b>Rate of Control</b>	
	<b>31 March 2020</b>	<b>31 December 2019</b>
Tümosan Döküm A.Ş.	%100	%100
Tümosan Savunma A.Ş.	%100	%100

## **2 Basis of Presentation of Financial Statements** *(continued)*

### **2.1 Basis of Presentation** *(continued)*

#### **(g) Basis of Consolidation** *(continued)*

##### *(ii) Non- controlling interest*

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

##### *(iii) Loss of Control*

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus of deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

##### *(iv) Consolidation adjustments*

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss statements.

### **2.2 Statement of Compliance to TAS**

The accompanying consolidated financial statements are prepared in accordance with Turkish Accounting Standards (“TAS”) published by POA. TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and related appendix and comments including POA’s Principle Decisions.

The accompanying consolidated financial statements have been prepared in accordance with TAS, in accordance with the Company’s statutory records’ classification and corrections, and the fact that the financial statements reflect the reality.

The Company and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in TL in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation.

The consolidated financial statements of the Group were approved by the management on 9 June 2020. The General Assembly and certain regulatory bodies have the right to amend the financial statements after their publication.

## **2 Basis of Presentation of Financial Statements (continued)**

### **2.3 New and Revised International Financial Reporting Standards**

New standards, interpretations and amendments to existing standards are not effective at reporting date but earlier application is permitted; however, the Company consolidated has not early adopted are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the New standards and interpretations become in effect.

#### ***As of 31 March 2019; standards issued but not yet effective and not early adopted***

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRS Standards. It helps to ensure that the standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the POA with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

#### ***The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not yet issued by POA***

The following standards, interpretations of and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TAS by the POA, thus they do not constitute part of TAS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Company will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TAS.

#### **Amendments to IAS 1 and IAS 8 - Definition of Material**

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Company is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 1 and IAS 8.

## **2 Basis of Presentation of Financial Statements (continued)**

### **2.3 New and Revised International Financial Reporting Standards**

#### **Amendments to IFRS 3 - Definition of a Business**

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations that seek to clarify this matter. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The Company is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 3.

#### **Indicative interest rate reform (changes in TFRS 9, TAS 39 and TFRS 7)**

The Benchmark Interest Rate Reform, which changed IFRS 9, IAS 39 and IFRS 7, published by the IASB in September 2019, was also published by the IASB on December 14, 2019. In 2018, the IASB separately determined the issues to be addressed before and after the change in international benchmark interest rates and classified them as pre-amendment and amendment issues. As a result of these changes, four basic exceptions have been provided in the provisions of financial risk hedge accounting in TFRS 9 and TAS 39. These issues are:

- The provision regarding the high probability of transactions,
- Prospective evaluations,
- Retrospective evaluations,
- They are separately identifiable risk components.

These amendments clarify that companies may continue to apply certain provisions of hedge accounting under the assumption that the benchmark interest rate underlying the cash flows of the hedged item or hedging instrument will not change as a result of the benchmark interest rate reform.



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### **2 Basis of Presentation of Financial Statements (continued)**

#### **2.4 Restatement and Errors in the Accounting Policies and Estimates**

Material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. The effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. There has been no significant change in the Company's estimates.

#### **2.5 Summary of Significant Account Policies**

The CMB has permitted publicly traded companies to apply the full set or condensed presentation of their interim financial statements in accordance with IAS 34 "Interim Financial Statements". Accordingly, the Company prepared the condensed presentation of the financial statements at the interim period ending 31 March 2020.

In respect of the relevant notification the required disclosures and notes that should be included in the annual financial statements prepared in accordance with IAS / IFRS are summarized or not presented in accordance with IAS 34. The accompanying condensed consolidated financial statements should be read together with audited consolidated financial statements as at and for the year ended 31 December 2019.

The significant accounting policies have been applied consistently by The Group in the preparation of these condensed consolidated interim financial statements as of and for the three-month period ended 31 March 2020 with those financial statements as of and for the year ended 31 December 2019.

### 3 Related Parties Disclosures

For the purpose of this report, the shareholders and key management personnel of The Group, the ultimate shareholders of The Group and the companies controlled by/associated with them are referred to as related parties.

The details between The Group and other related parties are as follows.

The related parties shown in the related party disclosures and the nature of the relation of The Group with these parties are as follows. These companies are presented as related parties which are controlled by Albayrak Family:

<b><u>Related Parties</u></b>	<b><u>Position</u></b>
Ereğli Tekstil Turizm San. ve Tic. A.Ş. ("Ereğli Tekstil")	Shareholder
Albayrak Turizm Seyahat İnşaat Tic. A.Ş. ("Albayrak İnşaat")	Related Party
Albayrak Holding A.Ş. ("Albayrak Holding")	Related Party
Albil Merkezi Hizmetler ve Ticaret A.Ş. ("Albil")	Related Party
Birlikte Dağıtım A.Ş. ("Birlikte Dağıtım")	Related Party
Birun Otelcilik A.Ş. ("Birun Otelcilik")	Related Party
Kademe Atık Teknolojileri San. A.Ş. ("Kademe Atık")	Related Party
Platform Tur. Taş. Gıda İnş. Tem. Hiz. San.ve Tic. A.Ş. ("Platform Turizm")	Related Party
Reklam Piri Medya İletişim A.Ş. ("Reklam Piri")	Related Party
Albayrak Somali Liman İşletmeciliği ("Somali Liman")	Related Party
Varaka Kağıt Sanayi A.Ş. ("Varaka Kağıt")	Related Party
Yeşil Adamlar Atık Yönetimi ve Taşımacılık A.Ş. ("Yeşil Adamlar")	Related Party
Albayrak92 Private Ltd. ("Albayrak92 Private")	Related Party
Bayfa Geri Dön. Tur. Taş. San.ve Tic. Ltd. Şti ("Bayfa Geri Dönüşüm")	Related Party
Sistemli Dağıtım Hizmetleri A.Ş. ("Sistemli Dağıtım")	Related Party
Trabzon Liman İşletmeciliği A.Ş. ("Trabzon Liman")	Related Party
Dolu Akaryakıt Pazarlama A.Ş. ("Dolu Akaryakıt")	Related Party
Somali Mogadişu Liman İşletmesi ("Somali Liman")	Related Party
Kazzaz Kağıt Ticaret A.Ş. ("Kazzaz Kağıt")	Related Party
Plaket Yapı	Related Party
Ağa Maden İşletmeciliği Turizm Sanayi ve Ticaret Ltd. ("Ağa Maden")	Related Party

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**3 Related Parties Disclosures (continued)**

During its activities, the Group conducts various operations with related parties. Details regarding the related parties and significant balances are as follows:

31 March 2020	Receivables		Payables	
	Short-Term		Short-Term	
	Trade	Other	Trade	Other
Kademe Atık	13.613.894	--	--	3.818.600
Somali Liman	1.599.385	--	--	--
Trabzon Liman	372.285	--	--	--
Yeşil Adamlar	244.508	--	--	--
Albil	771.655	--	64.360	--
Sistemli Dağıtım	132.753	--	--	--
Birun Otelcilik	80.884	--	--	1.252
Plaket	17.381	--	--	--
Dolu Akaryakıt	9.663	--	--	--
Platform Turizm	908	--	--	--
Albayrak92 Private Ltd.	--	--	22.769	--
Varaka Kağıt	--	6.952.971	--	7.102.659
Birlikte Dağıtım	--	--	116.389	--
Ereğli Tekstil (*)	--	67.004.619	--	--
Albayrak İnşaat	--	--	--	3.723.250
Other	1.159	--	--	--
<b>Total</b>	<b>16.844.475</b>	<b>73.957.590</b>	<b>203.518</b>	<b>14.645.761</b>

As of 31 December 2019 receivables and payables from the related parties are as follows:

31 December 2019	Receivables		Payables	
	Short-Term		Short-Term	
	Trade	Other	Trade	Other
Kademe Atık	10.713.027	--	7.329.494	--
Somali Liman	1.367.405	--	--	--
Albayrak92 Private Ltd.	25.824	--	--	--
Trabzon Liman	372.285	--	--	--
Yeşil Adamlar	244.508	--	--	--
Birun Otelcilik	--	--	1.252	--
Sistemli Dağıtım	226.351	--	--	--
Dolu Akaryakıt	9.663	--	--	--
Albayrak Holding	1.159	--	--	--
Platform Turizm	908	--	96.156	--
Ereğli Tekstil(*)	--	37.684.730	2.360	--
Albil	198.145	--	924.466	--
Albayrak İnşaat(*)	--	13.874.529	--	15.182.535
Varaka Kağıt	--	6.952.971	--	6.135.932
Birlikte Dağıtım	--	--	27.127	--
Reklam Piri	--	--	142.562	--
Other	--	--	--	--
<b>Total</b>	<b>13.159.275</b>	<b>58.512.230</b>	<b>8.523.417</b>	<b>21.318.467</b>

(\*) The Group's non-trade receivables from related parties are intra-group financing, are used in operational activities, and interest rates are exercised in market conditions.

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**3 Related Parties Disclosures (continued)**

**Purchases and Expenses**

For the periods 1 January – 31 March 2020 and 1 January – 31 March 2019, purchases from related parties are as follows:

	1 January- 31 March 2020				1 January- 31 March 2019			
	Purchasing of goods and services	Rent	Intangible Assets	Other	Purchasing of goods and services	Rent	Intangible Assets	Other
Kademe Atık	9.075.638	--	--	--	--	26.180.779	--	--
Albil	376.125	--	--	16.400	98.148	694.822	--	149.119
Dolu Akaryakıt	--	--	--	--	--	431.318	--	--
Birlikte Dağıtım	76.553	--	--	--	--	164.810	--	--
Platform	--	--	18.900	--	--	106.578	58.900	--
Reklam Piri	--	--	--	--	--	75.940	--	--
Albayrak Holding	--	--	--	--	--	--	1.192.227	--
Varaka Kağıt	--	--	--	--	417.206	--	--	--
<b>Total</b>	<b>9.528.316</b>	<b>18.900</b>	<b>16.400</b>	<b>515.354</b>	<b>27.654.247</b>	<b>1.251.127</b>	<b>149.119</b>	<b>1.279.362</b>

**Sales and Income**

For the periods 1 January – 31 March 2020 and 1 January – 31 March 2019, sales to the related parties are as follows:

	1 January- 31 March 2020				1 January- 31 March 2019			
	Purchasing of goods and services	Interest	Rent	Other	Purchasing of goods and services	Interest	Rent	Other
Kademe Atık	941.329	--	121.104	295.630	6.023.344	--	1.278.730	453.146
Varaka Kağıt	446.241	--	--	336.335	--	--	--	14.066
Somali Limanı	--	--	--	--	1.367.405	--	--	--
Ereğli Tekstil	--	4.125.000	--	119.889	725.042	6.189.619	--	1.571.664
Albayrak Turizm	--	--	--	--	48.562	--	--	430.501
Yeşil Adamlar	--	--	--	--	--	--	--	14.066
Sistemli Dağıtım	--	--	--	788	--	--	--	3.202
<b>Total</b>	<b>1.387.570</b>	<b>4.125.000</b>	<b>121.104</b>	<b>752.642</b>	<b>8.167.255</b>	<b>6.189.619</b>	<b>1.278.730</b>	<b>2.486.645</b>

**Benefits for Top Management**

31 March 2020 Benefits paid to top management during the period is TL 404.127 (31 March 2019: TL 292.398).

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**4 Cash and Cash Equivalents**

As of 31 March 2020, and 31 December 2019, cash and cash equivalents are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Cash	25	25
Banks		
<i>-Demand deposit</i>	<i>35.916.461</i>	<i>27.029.032</i>
<b>Total</b>	<b>35.916.486</b>	<b>27.029.057</b>

As at 31 March 2020 and 31 December 2019, there is no account under any blockage or pledge.

**5 Financial Investments**

As of 31 March 2020, and 31 December 2019, financial investments are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Bonds (*)	51.678.886	53.496.345
Stocks	85.210	87.770
<b>Total</b>	<b>51.764.096</b>	<b>53.584.115</b>

(\*)As of 31 March 2020, financial investments consist of 12-month bonds issued by Ereğli Tekstil. The Group recognizes the related bonds as financial assets whose fair value differences are reflected in profit or loss.

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**6 Financial Borrowings**

As of 31 March 2020, and 31 December 2019, financial borrowings are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Short-Term Borrowings</b>		
Short-Term Borrowings	260.202.340	213.195.094
Short-Term Portion of Long Term Borrowings	2.022.649	939.354
<b>Total</b>	<b>262.224.989</b>	<b>214.134.448</b>
Long-Term Loans	50.973.683	67.333.062
<b>Total Financial Liabilities</b>	<b>50.973.683</b>	<b>67.333.062</b>

**Bank Loans**

	<b>31 March 2020</b>		<b>31 December 2019</b>	
	<b>Effective Int. Rate %</b>	<b>TL Amount</b>	<b>Effective Int. Rate %</b>	<b>TL Amount</b>
<b>Short-Term Borrowings</b>				
- TL	11,5-16%	260.202.340	11,5-16%	213.195.094
<b>Short-Term Portion of Long-Term Borrowings</b>				
TL	11,5-17,18%	2.022.649	11,5-17,18%	939.354
<b>Long-Term Borrowings</b>				
- TL		50.973.683		67.333.062
<b>Total Borrowings</b>		<b>313.198.672</b>		<b>281.467.510</b>

As of 31 March 2020, The Group has provided TL 417 million real estate mortgages and TL 13.059.671 customer cheques for the Borrowings (31 December 2019, TL 400 million real estate mortgages and TL 20.049.691 worth of customer cheques).

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**7 Trade Receivables and Payables**

***Short-Term Trade Receivables***

As of 31 March 2020, and 31 December 2019, short-term trade receivables from non-related parties are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Customer Current Account	108.386.117	111.706.404
Notes Receivables	93.508.582	89.297.710
DDS Receivables	7.599.037	5.418.481
Allowance for Doubtful Receivables (-)	(10.314.122)	(6.759.652)
<b>Total</b>	<b>199.179.614</b>	<b>199.662.943</b>

***Long-Term Trade Receivables***

As of 31 March 2020, and 31 December 2019, long-term trade receivables from non-related parties are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Notes Receivables	2.150.331	2.044.700
<b>Total</b>	<b>2.150.331</b>	<b>2.044.700</b>

***Short-Term Trade Payables***

As of 31 March 2020, and 31 December 2019, short-term trade payables from non-related parties are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Supplier Current Accounts	61.667.866	73.923.982
Notes Payables	13.248.713	9.918.079
Accrued Expense	103.390	--
Other	10.382.767	5.731.795
<b>Total</b>	<b>85.402.736</b>	<b>89.573.856</b>

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**8 Other Receivables and Payables**

*Other Short-Term Receivables*

As of 31 March 2020, and 31 December 2019, other short-term trade receivables from non-related parties are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Tax Receivables	1.634.768	1.391.407
Others	655.009	703.961
<b>Total</b>	<b>2.289.777</b>	<b>2.095.368</b>

*Short-Term Other Payables*

As of 31 March 2020, and 31 December 2019, other short-term payables from non-related parties are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Deposit and Guarantees	7.596.467	3.189.489
Tax Payables	268.027	728.497
Others	21.795	21.795
<b>Total</b>	<b>7.886.289</b>	<b>3.939.781</b>

**9 Inventories**

As of 31 March 2020, and 31 December 2019; details of Inventories are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Materials and Spare Parts	97.745.821	87.431.903
Finished Goods	28.098.222	41.054.998
Work in Progress	10.341.295	7.912.145
Goods in Transit	1.597.613	2.992.978
Merchandise	1.035.351	847.071
Other Inventories	1.335.219	1.587.321
Provision for Impairment (-)	(4.631.211)	(4.806.890)
<b>Total</b>	<b>135.522.310</b>	<b>137.019.526</b>

As of 31 March 2020, and 31 December 2019, there is no security or mortgage on inventories



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**10 Prepaid Expenses and Deferred Income**

**Prepaid Expenses**

*Short-Term Prepaid Expenses*

As of 31 March 2020, and 31 December 2019, prepaid expenses from non-related parties in non-current assets are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Advances Given	23.813.680	13.922.696
Prepaid Expenses for Future Months	6.790.853	5.337.035
Job Advances	315.731	274.931
<b>Total</b>	<b>30.920.264</b>	<b>19.534.662</b>

**Deferred Income**

*Short-Term Deferred Income*

As of 31 March 2020, and 31 December 2019, deferred income from non-related parties are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Advances Received	37.270.843	15.587.050
<b>Total</b>	<b>37.270.843</b>	<b>15.587.050</b>

**11 Investment Property**

A for the ended 31 March 2020 and 2019, investment properties are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
<b>Net Carrying Value</b>		
Balance at 1 January	17.714.985	11.643.262
Current Period Depreciation Charge	--	--
<b>31 March Net Book Value</b>	<b>17.714.985</b>	<b>11.643.262</b>
Cost	--	--
Accumulated Depreciation	--	--
<b>31 March Net Book Value</b>	<b>17.714.985</b>	<b>11.643.262</b>

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**12 Property, Plant and Equipment**

For the period ended 31 March 2020 and 31 March 2019; movement of property, plant and equipment is summarized below:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
<b>Net Book Value</b>		
Balance 1 January	672.784.947	260.268.082
Additions	947.688	2.665.921
Disposals	(57.223)	(519)
Current Period Depreciation Charge	(7.581.679)	(2.956.958)
<b>End of the Period Net Carrying Value</b>	<b>666.093.733</b>	<b>259.976.526</b>
Cost	701.999.679	344.392.253
Accumulated Depreciation	(35.938.393)	(84.415.727)
Disposals	32.447	--
<b>End of the Period Net Carrying Value</b>	<b>666.093.733</b>	<b>259.976.526</b>

There is a TL 417 million mortgage related to bank loans on the fixed assets of The Group (31 December 2019: TL 400 million mortgage).

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**13 Intangible Assets**

Intangible assets consist of research and developments, rights and licenses, and accumulated depreciation. For the period ended 31 March 2020 and 2019, movement of intangible assets are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
<b>Cost</b>		
Balance 1 January	5.338.211	10.312.668
Additions	288.454	--
Current Period Amortization Charge	(1.103.467)	(1.948.871)
<b>31 March Net Book Value</b>	<b>4.523.198</b>	<b>8.363.797</b>
Cost	45.241.810	43.680.080
Accumulated Amortization	(40.718.612)	(35.316.283)
<b>31 March Net Book Value</b>	<b>4.523.198</b>	<b>8.363.797</b>

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**14 Rental Procedures**

**Right-of-Use Assets**

The Group reflects a right-of-use asset and a lease liability in its financial statements retrospectively within the scope of TFRS 16 at the date the lease actually commences.

The right-of-use asset is initially accounted for using the cost method and includes:

- a) The initial measurement amount of the rental liability,
- b) All initial direct costs incurred by the group.

When applying the group cost method, the right-of-use asset; It measures the cost of accumulated depreciation and accumulated impairment losses deducted and adjusted to remeasure the lease liability.

The Group applies the depreciation provisions in TAS 16 Tangible Fixed Assets while depreciating the right of use asset.

The balances of right-of-use assets as of 31 March 2020 and 2019 and depreciation expenses in the relevant period are as follows:

	1 January 2020	Additions	Disposals	31 March 2020	
<b>Cost</b>					
Vehicles	4.006.792	--	--	4.006.792	
<b>Toplam</b>	<b>4.006.792</b>	<b>--</b>	<b>--</b>	<b>4.006.792</b>	
<b>Sour: Accumulated Depreciation</b>					
Vehicles	(584.323)	(83.475)	--	(667.798)	
<b>Total</b>	<b>(584.323)</b>	<b>(83.475)</b>	<b>--</b>	<b>(667.798)</b>	
<b>Net Carrying Value</b>	<b>3.422.469</b>			<b>3.338.994</b>	
	1 January 2019	TFRS 16 First Implementation	Additions	Disposals	31 March 2020
<b>Cost</b>					
Vehicles	--	4.006.792	--	--	4.006.792
<b>Toplam</b>	<b>--</b>	<b>4.006.792</b>	<b>--</b>	<b>--</b>	<b>4.006.792</b>
<b>Sour: Accumulated depreciation</b>					
Vehicles	--	(250.424)	(83.475)	--	(333.899)
<b>Total</b>	<b>--</b>	<b>(250.424)</b>	<b>(83.475)</b>	<b>--</b>	<b>(333.899)</b>
<b>Net Carrying Value</b>	<b>--</b>				<b>3.672.893</b>

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**14 Rental Procedures(cont.)**

**Right-of-Use Liabilities**

Lease payables balances on 31 March 2020 and 31 December 2019 are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Liabilities for Leasing Transactions(Short-maturity)	89.327	83.457
Liabilities for Leasing Transactions(Long-maturity)	3.960.147	3.984.804
<b>Total</b>	<b>4.049.474</b>	<b>4.068.261</b>

Movements of lease debts during the period are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Balance at 1 January	<b>4.068.261</b>	--
TFRS 16		4.086.964
Current Period Charge	--	--
Payments	(298.056)	(251.099)
Interest Expenses (Note 21)	279.269	281.669
<b>Total</b>	<b>7.155.879</b>	<b>7.960.411</b>

**15 Provisions, Contingent Assets and Liabilities**

**a) Provisions**

For the period ended 31 March 2020 and 2019, Provisions, Contingent Assets and Liabilities are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Warranty Provisions	3.256.076	3.319.916
Provision for Litigation (*)	3.899.803	4.640.495
<b>Short-Term Provisions</b>	<b>7.155.879</b>	<b>7.960.411</b>

Movement of warranty provisions are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Balance at 1 January	3.319.916	5.835.467
Current Period Charge	(63.840)	(1.017.811)
<b>Total</b>	<b>3.256.076</b>	<b>4.817.656</b>

(\*\*) Movement of provision for litigation are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Balance at 1 January	4.640.495	1.107.760
Current Period Charge	(740.692)	--
<b>Total</b>	<b>3.899.803</b>	<b>1.107.760</b>

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**14 Provisions, Contingent Assets and Liabilities (continued)**

**b) Guarantee – Pledge – Mortgage- Warranty (“Collaterals”)**

As of 31 March 2020, and 31 December 2019 the Group’s guarantee/pledge/mortgage positions are as follows:

<b>Collaterals given by Group (TL Equivalents)</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
A. The total amount of collaterals given on behalf of its own legal entity.	36.530.478	34.174.215
B. The total amount of collaterals given favor of the companies in the scope of full consolidation.	--	--
C. The total amount of collaterals given for the purpose of providing debt to third parties in the course of ordinary business activities. (*)	702.600.270	694.503.676
D. The total amount of other collaterals given		
i. The total amount of collaterals given in favor of the parent companies.	--	--
ii. The total amount of collaterals given in favor of other group companies which are not in the scope of B and C.	--	--
iii. The total amount of collaterals given in favor of third parties other than the parties stated in item C.	--	--
<b>Total</b>	<b>739.130.748</b>	<b>728.677.891</b>

Details regarding the letters of guarantee, pledges and mortgages in foreign currency are as follows (TL equivalents):

	<b>31 March 2020</b>	<b>31 December 2019</b>
Turkish Lira	711.749.117	704.250.867
USD	1.057.703	162.310
Euro	26.323.928	24.264.714
<b>Total</b>	<b>739.130.748</b>	<b>728.677.891</b>

(\*) An agreement was signed between the Company and Ziraat Bankası (“the Bank”) in December 2010. Within the scope of this agreement, the event that a customer who took a loan from the Bank to buy tractors sold by the Company through Tümosan tractor dealers (Customers), is not able to pay back this borrowing, the Bank holds the right to demand from the Company 75% of the difference between the income to be generated from the judicial sale of the tractors and the insurance fee set by the Turkish Association of Insurance and Reinsurance Companies. However, the Company reflects the difference which the Bank demands from the Company to the Dealer realizing the sale. Therefore, although the aforementioned letter of guarantee is a guarantee given to the Bank by the Company, it is eventually transferred to the Customers.

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**16 Employee Benefits**

**Payables Related to the Employee Benefits**

As of 31 March 2020, and 31 December 2019, Payables Related to the Employee Benefits are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Wages and Salaries	2.669.191	538.592
Social Security Withholdings Payable	980.101	921.601
Staff Payroll Taxes	425.021	2.192.100
<b>Total</b>	<b>4.074.313</b>	<b>3.652.293</b>

**Short-Term Provisions for Employee Benefits**

As of 31 March 2020, and 31 December 2019, Short-Term Provisions for Employee Benefits are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Provision for Unused Vacation	1.782.598	1.679.593
<b>Total</b>	<b>1.782.598</b>	<b>1.679.593</b>

If labor contract has been terminated for any reason, The Group will obligate to pay unused vacation payment to employee or beneficiaries based on the salary at the expire date. Provision for unused vacation is equal to which all employees have deserved and haven't used them yet as of reporting date and haven't been discounted, amount of total liability.

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**15 Employee Benefits (continued)**

**Long-Term Provisions for Employee Benefits**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Provision for Employment Termination Benefits	4.675.670	3.946.890
<b>Total</b>	<b>4.675.670</b>	<b>3.946.890</b>

In accordance with the current Turkish Labor Law, the Company is obliged to pay a certain amount of termination indemnity to the personnel whose employment has been terminated due to reasons except retirement, resignation or bad behavior; who has to terminate employment for military service and who had served at least one year at the Company. Provision for severance pay for each year is calculated based on total gross salary and other benefits. As of 31 March 2020, it is maximum TL 6.730 (31 December 2019: TL 6.380).

Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans.

	<b>31 March 2020</b>	<b>31 December 2019</b>
Interest rate	12,00%	12,00%
The estimated wage increase rate	7,50%	7,50%
Net discount rate	4,19%	4,19%

The principal assumption is that the maximum liability for each year of service will increase parallel with the inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 March 2020, the provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

For the period ended 31 March 2020 and 2019, Employee Termination Benefits Provisions are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Balance at 1 January	<b>3.946.890</b>	<b>2.981.247</b>
Cost of Services	521.404	468.756
Interest Expense	156.390	171.401
Actuarial Gain/Loss	629.616	477.767
Paid	(578.630)	--
<b>Balance at 31 March</b>	<b>4.675.670</b>	<b>4.099.171</b>



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**17 Other Asset and Liabilities**

As of 31 March 2020, and 31 December 2019, Other Assets are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
VAT	3.193.330	9.699.146
Deposits and Guarantees Given	6.377.780	--
Other	31.700	915
<b>Total</b>	<b>9.602.810</b>	<b>9.700.061</b>

**18 Capital, Reserves and Other Equity Components**

**Paid-in Share Capital**

As of 31 March 2020, and 31 December 2019, the shareholders and paid-in capital are as follows:

	<b>31 March 2020</b>		<b>31 December 2019</b>	
	<b>Rate %</b>	<b>(TL)</b>	<b>Rate %</b>	<b>(TL)</b>
Ereğli Tekstil (*)	60,87%	70.000.000	64,59%	74.285.492
Others	10,43%	12.000.000	10,44%	12.000.000
Shares Publicly Open In Stock Exchange	28,70%	33.000.000	24,97%	28.714.508
<b>Paid-In Capital</b>	<b>100,00%</b>	<b>115.000.000</b>	<b>100,00%</b>	<b>115.000.000</b>

All of the Group’s capital has been paid in as of 31 March 2020 and comprises of 115.000.000 shares with a nominal value of TL 115.000.000 and each one worth TL 1 (31 December 2019: Capital: TL 115.000.000, each one with a value of TL 1, a total of 115.000.000 shares).

(\*)On the public offering of Group, 4.285.492 shares were sold on 15 March 2018 from the shares purchased under Ereğli Tekstil’s repurchase commitment. As a result of this sale, all of the shares received under the repurchase commitment were sold. With this transaction, Ereğli Tekstil’s share in capital has been 60,87%.

**Restricted reserves**

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code, are not distributable to shareholders. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

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**17 Shareholders’ Equity (continued)**

**Other Comprehensive Income/Expense Not to Be Reclassified to Profit or Loss**

As of 31 December 2020, and 31 December 2019, other comprehensive income not to be reclassified to profit or loss are as follows:

*Actuarial Gain*

	<b>31 March 2020</b>	<b>31 December 2019</b>
Actuarial Gain Arising from Defined Benefits Plan	(1.429.918)	(938.817)
<b>Total</b>	<b>(1.429.918)</b>	<b>(938.817)</b>

*Revaluation Reserves for the Fixed Assets*

	<b>31 December 2019</b>	<b>31 December 2019</b>
Revaluation Gain	539.751.879	539.751.879
<b>Total</b>	<b>539.751.879</b>	<b>539.751.879</b>

**19 Sales and Cost of Sales**

Sales and Cost of Sales for the period ended 31 March 2020 and 2019 are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Domestic Sales	104.573.946	95.173.108
Foreign Sales	6.132.002	2.853.069
Other Income	--	290.857
<b>Gross Sales</b>	<b>110.705.948</b>	<b>98.317.034</b>
Discount and Returns	(784.085)	(2.023.657)
<b>Net Sales</b>	<b>109.921.863</b>	<b>96.293.377</b>
Cost of Sales	(91.040.263)	(83.405.977)
<b>Gross Profit</b>	<b>18.881.600</b>	<b>12.887.400</b>

The Distribution of sales by products groups are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Tractor Sales	85.042.634	83.955.688
Spare Part Sales	7.846.501	7.089.415
Motor Sales	4.080.831	1.239.464
Equipment Sales	578.780	1.633.181
Agriculture Machine Sales	--	294.824
Work Machine Sales	647.463	90.049
Other	11.725.654	1.990.756
<b>Total</b>	<b>109.921.863</b>	<b>96.293.377</b>

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**20 Operating Expenses**

Operating expenses for the period ended 31 March 2020 and 2019 are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
General and Administrative Expenses	6.017.406	5.755.360
Marketing Expenses	7.368.887	8.254.680
Research and Development Expenses	4.897.440	3.782.042
<b>Total</b>	<b>18.283.733</b>	<b>17.792.082</b>

**21 Finance Income and Expenses**

**Finance Income**

Finance income for the period ended 31 March 2020 and 2019 are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Interest Income	1.840.367	556.263
Exchange Difference Income	142.849	5.571.423
<b>Total</b>	<b>1.983.216</b>	<b>6.127.686</b>

**Finance Expenses**

Finance expenses for the period ended 31 March 2020 and 2019 are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Interest Expenses	9.306.460	12.066.845
Loss on Foreign Currency	1.015.751	--
Interest Expenses from Leasing Transactions (Note 14)	279.269	281.669
<b>Total</b>	<b>10.601.480</b>	<b>12.348.514</b>

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**22 Taxation**

**Tax expenses**

Tax expenses for the period ended 31 March 2020 and 2019 are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
<b><u>Income Tax Expense Recognized in Profit or Loss</u></b>		
Current Tax Expense	--	--
<b><u>Deferred Tax Income/ (Expense)</u></b>		
Arising from Tax Losses Carried Forward	644.637	2.761.327
Arising from Temporary Differences	187.109	(258.422)
	<b>831.746</b>	<b>(2.502.905)</b>
<b><u>Recognized in Other Comprehensive Income</u></b>		
<b><u>Deferred Tax Income/(Expense):</u></b>		
Tax Effects of Actuarial Differences	138.515	105.109
	<b>138.515</b>	<b>105.109</b>
<b>Total Tax Effect Income/ (Expense)</b>	<b>970.261</b>	<b>2.608.014</b>

**The Reconciliation of the Effective Tax Rate**

The tax provision is different from calculated value by using statutory tax rate via profit before tax for the period ended 31 March 2020 and 2019. Related reconciliation details are as follows:

		<b>1 January- 31 March 2020</b>		<b>1 January- 31 March 2019</b>
Loss for the Period		(8.801.153)		(5.959.410)
Less: Current Period Tax Income		831.746		2.502.905
<b>Loss Before Tax</b>	<b>%</b>	<b>(9.632.899)</b>	<b>%</b>	<b>(8.462.315)</b>
Calculated Corporate Tax Via Statutory Rate	22%	2.119.238	22%	1.861.709
Non-Deductible Expenses	(0%)	(39.325)	--%	6.958
Other	(13%)	(1.248.167)	2%	634.238
<b>Total tax income/(expense) recognized in profit or loss</b>	<b>9%</b>	<b>831.746</b>	<b>24%</b>	<b>2.502.905</b>

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**21 Taxation (continued)**

**Deferred Tax**

*Deferred Tax Asset/Liabilities*

Deferred tax asset and liabilities for the period ended 31 March 2020 and 2019 are as follows:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Deferred Tax Liabilities	(48.036.620)	(49.006.881)
<b>Balance at 31 March</b>	<b>(48.036.620)</b>	<b>(49.006.881)</b>

The movement of Deferred Tax assets/ liabilities are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Balance at 1 January	(49.006.881)	(7.724.292)
Recognized in Profit or Loss	831.746	2.502.905
Recognized in Other Comprehensive Income	138.515	105.109
<b>Balance at 31 March</b>	<b>(48.036.620)</b>	<b>(5.116.278)</b>

**23 Earnings Per Share**

Earnings per share stated in the income statement is calculated by dividing the net income to the weighted average number of ordinary shares outstanding during the year. Companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders from statutory retained earnings and statutory revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares in existence during the year has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
The weighted average number of shares in existence during the year (Each 1 TL)	115.000.000	115.000.000
Net loss for the year	(8.801.153)	(5.959.410)
<b>Earnings per share (TL)</b>	<b>(0,0765)</b>	<b>(0,0518)</b>

## **24 Financial Instruments– Risk Management and Fair Value**

### **Financial Risk Management**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. Further quantitative disclosures are included throughout these financial statements.

### **Risk Management Policies**

Risk management is implemented by finance department according to the policies approved by Board of Directors. The Company’s finance department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. The written procedures are formed by Board of Directors to manage the foreign currency risk, interest risk, credit risk, use of derivative and non-derivative financial instruments and the assessment of excess liquidity. There are not any changes in financial risk factors and credit risk management of the Company as compared to previous year.

### **Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and other investments.

*Exposure to credit risk:*

The carrying amount of financial assets represents the maximum credit exposure. The details of maximum exposure to credit risk at the reporting date was:

### **Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation

### **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or value of company’s financial assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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**24 Financial Instruments- Risk Management and Fair Value (continued)**

**Market Risk (continued)**

**(i) Currency risk**

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of Company, Turkish Lira (“TL”). Exchange risk is managed with forward foreign exchange purchase/sale contracts based on authorized policies.

As of 31 March 2020, the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	31 March 2020			
	TL Equivalent	USD	EURO	GBP
1. Trade receivables	37.384.867	1.936.105	3.433.016	--
2a. Monetary assets (Including cash on hands and banks)	39.617.218	1.540.895	4.099.340	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	440	68	--	--
<b>4. Current Assets (1+2+3)</b>	<b>77.002.525</b>	<b>3.477.068</b>	<b>7.532.356</b>	<b>--</b>
5. Trade receivables	--	--	--	--
6a. Monetary assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-Current Assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>77.002.525</b>	<b>3.477.068</b>	<b>7.532.356</b>	<b>--</b>
10. Trade payables	(3.459.423)	30.497	(557.470)	45.174
11. Financial liabilities	(21.502.800)	(3.300.000)	--	--
12a. Other monetary financial liabilities	--	--	--	--
12b. Other non-monetary financial liabilities	(147)	(23)	--	--
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>(24.962.370)</b>	<b>(3.269.526)</b>	<b>(557.470)</b>	<b>45.174</b>
14. Trade Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	(19.821.686)	(3.042.002)	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
<b>17. Long-Term Liabilities (14+15+16)</b>	<b>(19.821.686)</b>	<b>(3.042.002)</b>	<b>--</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>(44.784.056)</b>	<b>(6.311.528)</b>	<b>(557.470)</b>	<b>45.174</b>
19. Net asset /liability position of off-balance sheet derivatives (19a-19b)	--	--	--	--
19a. Off-balance sheet foreign currency derivative assets	--	--	--	--
19b. Off balance sheet foreign currency derivative liabilities	--	--	--	--
<b>20. Net foreign currency asset/liability position (9-18+19)</b>	<b>121.786.581</b>	<b>9.788.596</b>	<b>8.089.826</b>	<b>(45.174)</b>
<b>21. Net foreign currency asset/ liability position of non-monetary items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>121.786.581</b>	<b>9.788.596</b>	<b>8.089.826</b>	<b>(45.174)</b>
22. Fair value of foreign currency hedged financial assets	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--

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**24 Financial Instruments- Risk Management and Fair Value (continued)**

**Market Risk (continued)**

**(i) Currency risk (continued)**

As of 31 December 2019, the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	31 December 2019			
	TL Equivalent	USD	EURO	GBP
1. Trade receivables	35.170.311	1.796.406	3.683.773	--
2a. Monetary assets (Including cash on hands and banks)	33.628.587	519.782	4.592.214	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	2.926.686	492.692	--	--
<b>4. Current Assets (1+2+3)</b>	<b>71.725.585</b>	<b>2.808.879</b>	<b>8.275.987</b>	--
5. Trade receivables	--	--	--	--
6a. Monetary assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-Current Assets (5+6+7)</b>	--	--	--	--
<b>9. Total Assets (4+8)</b>	<b>71.725.585</b>	<b>2.808.879</b>	<b>8.275.987</b>	--
10. Trade payables	(7.612.140)	39.598	(1.232.766)	45.171
11. Financial liabilities	(19.602.660)	(3.300.000)	--	--
12a. Other monetary financial liabilities	--	--	--	--
12b. Other non-monetary financial liabilities	(146)	(25)	1	--
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>(27.214.946)</b>	<b>(3.260.427)</b>	<b>(1.232.765)</b>	<b>45.171</b>
14. Trade payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	(19.603.656)	(3.300.168)	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
<b>17. Long-Term Liabilities (14+15+16)</b>	<b>(19.603.656)</b>	<b>(3.300.168)</b>	--	--
<b>18. Total Liabilities (13+17)</b>	<b>(46.818.602)</b>	<b>(6.560.595)</b>	<b>(1.232.765)</b>	<b>45.171</b>
<b>19. Net asset /liability position of off-balance sheet derivatives (19a-19b)</b>	--	--	--	--
<b>19a. Off-balance sheet foreign currency derivative assets</b>	--	--	--	--
<b>19b. Off balance sheet foreign currency derivative liabilities</b>	--	--	--	--
<b>20. Net foreign currency asset/liability position (9-18+19)</b>	<b>118.544.186</b>	<b>9.369.474</b>	<b>9.508.752</b>	<b>(45.171)</b>
<b>21. Net foreign currency asset/ liability position of non-monetary items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>118.544.186</b>	<b>9.369.474</b>	<b>9.508.752</b>	<b>(45.171)</b>
<b>22. Fair value of foreign currency hedged financial assets</b>	--	--	--	--
<b>23. Hedged foreign currency assets</b>	--	--	--	--
<b>24. Hedged foreign currency liabilities</b>	--	--	--	--



**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**  
Notes to the Condensed Interim Consolidated Financial Statements  
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**24 Financial Instruments- Risk Management and Fair Value (continued)**

**Market Risk (continued)**

**(i) Currency risk (continued)**

*Currency Sensitivity*

A 10 percent strengthening of the TL against the following currencies at 31 March 2020 and 31 December 2019 would have increased / (decreased) equity and profit or loss, excluding tax effects, by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

<b>31 March 2020</b>		
	<b>Profit/(Loss)</b>	
	Appreciation of foreign currency	Appreciation of foreign currency
In the case of appreciation of USD at 10% ratio compared to TL;		
1- USD net asset / liability	6.378.249	(6.378.249)
2- Part of hedged from USD risk (-)	--	--
<b>3- USD net effect (1+2)</b>	<b>6.378.249</b>	<b>(6.378.249)</b>
In the case of appreciation of EUR at 10% ratio compared to TL		
4- EUR net asset / liability	5.836.810	(5.836.810)
5- Part of hedged from EUR risk (-)	--	--
<b>6- EUR net effect (4+5)</b>	<b>5.836.810</b>	<b>(5.836.810)</b>
In the case of appreciation of GBP at 10% ratio compared to TL		
7- GBP net asset / liability	(36.400)	36.400
8- Part of hedged from GBP risk (-)	--	--
<b>9- GBP net effect (7+8)</b>	<b>(36.400)</b>	<b>36.400</b>
<b>Total (3+6+9)</b>	<b>12.178.658</b>	<b>(12.178.658)</b>

**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**  
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**24 Financial Instruments- Risk Management and Fair Value (continued)**

**Market Risk (continued)**

**(i) Currency risk (continued)**

*Currency Sensitivity (continued)*

<b>31 December 2019</b>		
	<b>Profit/(Loss)</b>	
	Appreciation of foreign currency	Appreciation of foreign currency
In the case of appreciation of USD at 10% ratio compared to TL;		
1- USD net asset / liability	5.565.655	(5.565.655)
2- Part of hedged from USD risk (-)	--	--
<b>3- USD net effect (1+2)</b>	<b>5.565.655</b>	<b>(5.565.655)</b>
In the case of appreciation of EUR at 10% ratio compared to TL		
4- EUR net asset / liability	6.323.891	(6.323.891)
5- Part of hedged from EUR risk (-)	--	--
<b>6- EUR net effect (4+5)</b>	<b>6.323.891</b>	<b>(6.323.891)</b>
In the case of appreciation of GBP at 10% ratio compared to TL		
7- GBP net asset / liability	(35.127)	35.127
8- Part of hedged from GBP risk (-)	--	--
<b>9- GBP net effect (7+8)</b>	<b>(35.127)</b>	<b>35.127</b>
<b>TOTAL (3+6+9)</b>	<b>11.854.419</b>	<b>(11.854.419)</b>

**25 Subsequent Events**

The World Health Organization (WHO) has declared an international public health emergency due to the spread of the new type of coronavirus (Covid-19), that first appeared in Wuhan, China. WHO has described Covid-19 as a pandemic since March 11, 2020. Covid-19, the first cases in Turkey were seen on 10 March 2020 and after the outbreak has spread nationwide.

The coronavirus epidemic spreading to various parts of the world; limited exposure to the subject and global economic conditions could adversely affect it. The final extent of the Covid-19 outbreak is currently uncertain. Therefore, the Group cannot reasonably estimate the impact of the pandemic on operations.

Within the scope of the Covid-19 epidemic, which affected the whole world, production activities were suspended between 25.03.2020 - 06.04.2020 in order to protect the health of the Group employees and their families as well as public health. It has started operations in Konya factories of the group and production activities have resumed as of April 7, 2020.