

**TÜMOSAN ENGINE AND TRACTOR INDUSTRY INC. AND ITS  
SUBSIDIARIES**

CONDENSED CONSOLIDATED FINANCIAL INFORMATION AS OF  
SEPTEMBER 30, 2016 AND FOR THE NINE-MONTH INTERIM PERIOD  
THEN ENDED

# Tümosan Engine and Tractor Industry Inc. and its Subsidiaries

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TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(BALANCE SHEET) AS OF SEPTEMBER 30, 2016**

	Note References	Unaudited September 30, 2016	Audited December 31, 2015
		-	-
<b>ASSETS</b>			
<b>Current Assets</b>		<b>309,355,525</b>	<b>231,429,844</b>
Cash and Cash Equivalents	4	648,649	239,778
Financial Investments	5	9,000,000	
Trade Receivables			
- Trade Receivables from Related Parties	23	21,663,318	487,581
- Trade Receivables from Third Parties	7	127,796,563	110,969,841
Other Receivables			
- Other Receivables from Related Parties	8	--	11,723,444
- Other Receivables From Third Parties	8	1,952,098	191,176
Inventories	9	113,014,047	93,965,433
Prepaid Expenses	17	20,349,817	1,746,416
Other Current Assets	17	14,931,033	12,106,175
<b>Fixed Assets</b>		<b>130,948,377</b>	<b>121,948,994</b>
Investment Property	10	1,979,565	2,015,172
Tangible Fixed Assets	11	97,261,978	93,484,854
Intangible Fixed Assets	12	30,904,343	25,789,580
Prepaid Expenses		374,217	659,388
Deferred Tax Asset	21	428,274	-
<b>TOTAL ASSETS</b>		<b>440,303,902</b>	<b>353,378,838</b>

The accompanying notes are an integral part of the interim consolidated financial statements.

TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(BALANCE SHEET) AS OF SEPTEMBER 30, 2016 (CONTINUED)

	Note References	Unaudited September 30, 2016	Audited December 31, 2015
<b>RESOURCES</b>			
<b>Short-term Liabilities</b>		<b>135,627,931</b>	<b>86,860,663</b>
Short-term Borrowings	6	66,763,219	32,735,374
Other Financial Liabilities		--	182,606
Trade Payables		51,454,093	38,336,182
- Trade Payables to Related Parties	23	2,213,903	891,848
- Trade Payables to Third Parties	7	49,240,190	37,444,334
Other Payables		25,460	31,176
- Other Payables to Related Parties	23	--	28,176
- Other Payables to Third Parties	8	25,460	3,000
Liabilities for Employee Benefits	16	2,590,107	2,002,842
Deferred Income	18	3,434,448	5,275,137
Tax Liability on Income for the Period		3,502,002	1,020,276
Short-term Provisions	15	7,858,602	7,277,070
- Short-Term Provisions for Employee Benefits	15	968,313	826,860
- Other Short-term Provisions	13	6,890,289	6,450,210
<b>Long-term Liabilities</b>		<b>5,976,000</b>	<b>3,978,876</b>
Long-term Borrowings	6	1,978,869	--
Long-term Provisions	15	3,997,131	3,343,451
- Long-term Provisions for Employee Benefits		3,997,131	3,343,451
Deferred Tax Liability	21	--	635,425
<b>EQUITY</b>		<b>298,699,971</b>	<b>262,539,299</b>
<b>Equity of the Parent Company</b>		<b>298,699,971</b>	<b>262,539,299</b>
Paid-in Capital	19	115,000,000	115,000,000
Premiums/Allowances on Shares		13,074,563	13,074,563
Reserves on Retained Earnings		13,843,979	13,843,979
Capital Reserves		1,101,990	729,443
Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss			
- Revaluation and Measurement Gains/Losses		39,371,136	39,371,136
- Actuarial Gains/Losses from Pension Plans		72,102	194,984
Accumulated Profits/Losses		80,325,194	46,730,878
Net Income/Loss for the Period		35,911,007	33,594,316
<b>Non-controlling Interests</b>		<b>-</b>	<b>-</b>
<b>TOTAL RESOURCES</b>		<b>440,303,902</b>	<b>353,378,838</b>

The accompanying notes are an integral part of the interim consolidated financial statements.

**TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS**

**CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2016**

(Amounts are expressed in Turkish lira (TL) unless stated)

	Note References	Unaudited		Unaudited	
		January 01 - September 30, 2016	July 01 - September 30, 2016	January 01 - September 30, 2015	July 01 - September 30, 2015
Revenue	20	360,858,567	122,054,675	322,749,977	107,004,972
Cost of Sales (-)	20	(269,078,059)	(92,984,862)	(251,872,67)	(81,108,067)
<b>GROSS PROFIT/(LOSS)</b>		<b>91,780,508</b>	<b>29,069,813</b>	<b>70,877,306</b>	<b>25,896,905</b>
General Administrative Expenses (-)		(14,750,498)	(6,723,360)	(9,777,493)	(3,485,129)
Marketing Expenses (-)		(35,998,126)	(9,415,424)	(27,292,225)	(9,527,406)
Research and Development Expenses (-)		(1,626,766)	(565,074)	(2,883,796)	(972,883)
Other Real Operating Income		11,498,731	(364,708)	7,557,768	442,430
Other Real Operating Expenses (-)		(3,270,591)	2,578,227	(5,147,712)	(878,220)
<b>REAL OPERATING PROFIT/LOSS</b>		<b>47,633,258</b>	<b>14,579,474</b>	<b>33,333,848</b>	<b>11,475,697</b>
Income from Investing Activities		487,954	75,413	82,496	78,795
Expenses from Investing Activities (-)		--	--	(24,955)	
<b>OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES</b>		<b>48,121,212</b>	<b>14,654,887</b>	<b>33,391,389</b>	<b>11,554,492</b>
Financing Income		2,194,615	129,817	5,091,748	2,063,856
Financing Expenses (-)		(6,199,147)	(1,929,246)	(5,977,095)	(2,211,665)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>44,116,680</b>	<b>12,855,458</b>	<b>32,506,042</b>	<b>11,406,683</b>
<b>Tax Income/(Expense) from Continuing Operations</b>		<b>(8,205,673)</b>	<b>(3,523,442)</b>	<b>(5,352,063)</b>	<b>(3,318,004)</b>
- Tax Income/(expense) for the Period		(9,238,651)	(3,501,601)	(5,477,986)	(2,735,385)
- Deferred Tax Income/(Expense) for the Period		1,032,978	(21,841)	125,923	(582,619)
<b>PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>35,911,007</b>	<b>9,332,016</b>	<b>27,153,979</b>	<b>8,088,679</b>
<b>INCOME/(LOSS) FOR THE PERIOD</b>		<b>35,911,007</b>	<b>9,332,016</b>	<b>27,153,979</b>	<b>8,088,679</b>
<b>Distribution of Income/(Loss) for the period</b>		<b>35,911,007</b>	<b>9,332,016</b>	<b>27,153,979</b>	<b>8,088,679</b>
Non-controlling Interests		--	--	-	-
Parent Company's Shares		35,911,007	9,332,016	27,153,979	8,088,679
<b>Number of Shares</b>		<b>115,000,000</b>	<b>115,000,000</b>	<b>115,000,000</b>	<b>115,000,000</b>
<b>Earnings Per Share</b>		<b>0.3123</b>	<b>0.0811</b>	<b>0.2361</b>	<b>0.0703</b>

The accompanying notes are an integral part of the interim consolidated financial statements.

**TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS  
CONSOLIDATED STATEMENT OF OTHER  
COMPREHENSIVE INCOME FOR THE PERIOD FROM  
JANUARY 1 TO SEPTEMBER 30, 2016**

		Unaudited		Unaudited	
	Note	January 01 - September 30, 2016	July 01 - September 30, 2016	January 01 - September 30, 2015	July 01 - September 30, 2015
<b>INCOME/(LOSS) FOR THE PERIOD</b>		35,911,007	9,332,016	27,153,979	8,088,679
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Not To Be Reclassified to Profit or Loss</b>		(122,882)	162,718	298,848	(251,104)
Actuarial Gains/Losses from Employee Benefits					
- Actuarial Gain/Loss	15	(153,603)	203,398	373,560	(313,880)
- Deferred Tax Expense/Income	15	30,721	(40,680)	(74,712)	62,776
<b>To Be Reclassified As Profit or Loss</b>		-	-		
<b>OTHER COMPREHENSIVE INCOME (AFTER TAX)</b>		<b>(122,882)</b>	<b>162,718</b>	<b>298,848</b>	<b>(251,104)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>35,788,125</b>	<b>9,494,734</b>	<b>27,452,827</b>	<b>7,837,575</b>
<b>Distribution of the Total Comprehensive Income</b>		<b>35,788,125</b>	<b>9,494,734</b>	<b>27,452,827</b>	<b>7,837,575</b>
Non-controlling Interests		-	-		
Parent Company's Shares		35,788,125	9,494,734	27,452,827	7,837,575

The accompanying notes are an integral part of the interim consolidated financial statements.

**TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30,  
2016**

(Amounts are expressed in Turkish lira (TL) unless stated otherwise)

	Paid-in Capital	Share Premiums	Tangible Fixed Assets Valuation Funds	Restricted Profit Reserves	Capital Reserves	Actuarial Gains/Losses from Pension Plans	Accumulated Profits/Losses	Net Income/(Loss) for the Period	Equity of the Parent Company	Non-controlling Interests	Total Equity
January 1, 2016	115,000,000	13,074,563	39,371,136	13,843,979	729,443	194,984	46,730,878	33,594,316	262,539,299	-	262,539,299
Transfers	-	-	-	-	-	-	33,594,316	(33,594,316)	--	-	--
R&D Grants	-	-	-	-	372,547	-	-	-	372,547	-	372,547
Net Income for the Period	-	-	-	-	-	-	-	35,911,007	35,911,007	-	35,911,007
Other Comprehensive Income	-	-	-	-	-	(122,882)	-	-	(122,882)	-	(122,882)
September 30, 2016	115,000,000	13,074,563	39,371,136	13,843,979	1,101,990	72,102	80,325,194	35,911,007	298,699,971	--	298,699,971
						--			--		--

	Paid-in Capital	Share Premiums	Tangible Fixed Assets Valuation Funds	Restricted Profit Reserves	Capital Reserves	Actuarial Gains/Losses from Pension Plans	Accumulated Profits/Losses	Net Income/(Loss) for the Period	Equity of the Parent Company	Non-controlling Interests	Total Equity
January 1, 2015	115,000,000	13,074,563	39,371,136	10,504,898	-	(112,686)	28,324,897	21,745,062	227,907,870	-	227,907,870
Transfers	-	-	-	3,339,081	-	-	18,405,981	(21,745,062)	-	-	-
R&D Grants	-	-	-	-	511,923	-	-	-	511,923	-	511,923
Net Income for the Period	-	-	-	-	-	-	-	27,153,979	27,153,979	-	27,153,979
Other Comprehensive Income	-	-	-	-	-	298,848	-	-	298,848	-	298,848
September 30, 2015	115,000,000	13,074,563	39,371,136	13,843,979	511,923	186,162	46,730,878	27,153,979	255,872,620	--	255,872,620

The accompanying notes are an integral part of the interim consolidated financial statements.





**TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS  
CONSOLIDATED STATEMENT OF OTHER  
COMPREHENSIVE INCOME FOR THE PERIOD FROM  
JANUARY 1 TO SEPTEMBER 30, 2016**

	Note	Unaudited January 01 - September 30, 2016	Unaudited January 01 - September 30, 2015
Net income for the period		35,911,007	32,506,040
<b>Reconciliation of net income to net cash provided by operating activities:</b>			
Adjustments related to depreciation and amortisation expenses	11.12	14,097,412	10,450,427
Adjustments related to severance payment	15	1,144,543	616,677
Tax income/expense		8,205,673	
Adjustments related to provision for doubtful receivables	7	(350,841)	2,234,442
Adjustments related to provision/(cancellation) for inventory impairment	9	1,623,017	572,107
Provision for unused vacation entitlements	15	141,453	123,093
Provision for Impairment of Shares		--	24,955
Adjustments related to fixed asset sales profit/loss, net		487,954	(78,795)
Provision for lawsuits, net		--	665,886
Provision for warranties, net	15	33,242	8,037,586
Interest and factoring expenses		6,199,147	694,586
Interest income		(2,194,615)	(6,419,290)
<b>Net cash from operating activities before changes in operating assets and liabilities</b>			
<b>Change in assets and liabilities</b>			
Adjustments related to increase/decrease in trade and other receivables		(18,236,803)	(15,436,802)
Adjustments related to increase/decrease in trade and other payables/receivables with		(8,158,414)	(5,966,114)
Adjustments related to increase/decrease in inventories		(17,425,597)	(15,952,220)
Adjustments related to increase/decrease in Prepaid Expenses and Other Current		(21,428,259)	13,070,774
Adjustments related to increase/decrease in Prepaid Expenses and Other Fixed		285,171	(74,861)
Adjustments related to increase/decrease in trade and other payables		11,818,316	5,619,205
Adjustments related to other liabilities and provisions		811,496	(556,302)
Adjustments related to deferred income		(1,840,689)	649,430
Severance payments paid		(490,863)	187,965
Taxes paid		(6,756,618)	(4,147,140)
Expenses (income) not requiring Cash Outflow (Inflow) net		218,637	61,519
<b>Net cash from/(used in) operating activities</b>		<b>848,335</b>	<b>26,883,168</b>
<b>Cash flows from investing activities</b>			
Adjustments related to changes in financial		(9,000,000)	79,353
Cash outflows from purchases of tangible and intangible fixed assets		(24,286,143)	(18,250,928)
Proceeds from the sales of tangible fixed assets		844,497	140,808
<b>Net cash from/(used in) investing activities</b>		<b>(32,441,646)</b>	<b>(18,030,167)</b>
<b>Net cash used in financial activities</b>			
Changes in financial payables, net		36,006,714	789,681
Interest paid		(6,199,147)	(2,343,065)
Interest earned		2,194,615	1,972,224
<b>Net cash from financial activities</b>		<b>32,002,182</b>	<b>418,840</b>
Net increase/decrease in cash and cash equivalents		<b>408,871</b>	<b>9,271,241</b>
Cash and cash equivalents at the beginning of the period	4	<b>239,778</b>	<b>1,229,935</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>648,649</b>	<b>10,501,176</b>

The accompanying notes are an integral part of the interim consolidated financial statements.

## TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS

### CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED SEPTEMBER 30, 2016

(Amounts are expressed in Turkish lira ("TL") unless stated otherwise)

#### **Note 1 - The Company's Organization and Area of Activity**

Tümosan Engine and Tractor Inc. (formerly Alçelik Çelik Yapı Construction Industry and Trade Inc.) (hereinafter "Tümosan" or the "Company") was established in 1975 to produce engine parts, transmission organs and similar equipment, but later on has concentrated its activities in the production of diesel engines and tractors. Tümosan, being Turkey's first diesel-engine manufacturer, has been supplying diesel engines for tractors manufactured under the same brand, as well as other manufacturers of diesel-powered vehicles for many years.

The Company was included in the privatization program on August 18, 1998, and the Company's shares belonging to the Mechanical and Chemical Industry Corporation were transferred to the Privatization Administration and it was decided to complete the privatization process within one year.

Four companies participated in the privatization tender held on April 24, 2000. Anadolu Joint Venture Group ranked first and Konya Selçuklu Joint Venture Group ranked second, according to the results of the tender. As the entrepreneurs determined to be the buyers as per the tender result were not able to sign the sales contract offered to them respectively within the given time period, the tender could not be concluded positively and their tender guarantees were forfeited in connection therewith.

Tümosan, which continued its activities limitedly after the tender, was attached to Sümer Holding on February 7, 2003. The second tender for its privatization was announced in 2004 and Alçelik Çelik Yapı Construction Industry and Trade Inc. purchased Tümosan by means of an asset sale and the transfer was completed on July 1, 2004.

On December 5, 2012, 26% of the company's shares were offered to the public at the Istanbul Stock Exchange. Tümosan Engine and Tractor Industry Inc.'s shares have been traded on the Istanbul Stock Exchange since 5 December 2012.

The Company's headquarters and factory are located at the following

addresses: Head office:

Maltepe Mahallesi Londra Asfaltı Caddesi No. 28/1, Topkapı, 34010-Zeytinburnu, Istanbul/Turkey

Factory:

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

Information on the Company's shareholders and their shares is as follows:

	<b>September 30,</b>	<b>December 31,</b>
<b>Name/Title</b>	<b>Share Rate %</b>	<b>Share Rate %</b>
Ereğli Textile Tourism Industry and Trade Inc.	64.59	66.33
Muzaffer Albayrak	1.74	1.74
Ahmet Albayrak (son of Ahmet)	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
Free-float portion	24.97	23.23
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

The Company is controlled by the Albayrak Family although Ereğli Textile Tourism Industry and Trade

**TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD  
ENDED SEPTEMBER 30, 2016**

(Amounts are expressed in Turkish lira ("TL") unless stated otherwise)  
Inc. is the main shareholder.

## TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS

### CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED SEPTEMBER 30, 2016

(Amounts are expressed in Turkish lira ("TL") unless stated otherwise)

#### **Note 1 - The Company's Organization and Area of Activity**

The upper limit of the Company's registered capital is TL 500 million with the Capital Markets Board's permission dated 29.06.2012 and numbered 22/778. The upper limit of the registered capital approved by the Capital Markets Board is valid for 2012-2016 (5 years).

As of September 30, 2016, the average number of workers employed by the Company is 506 (31 December 2015: 478)

#### **Subsidiaries Included in Consolidation**

The Company and its Subsidiaries will hereinafter be referred to as the "Group".

**Tümosan Foundry Inc.:** It is engaged in all kinds of casting and processing activities and trading.

**Tümosan Defence Inc.:** It is engaged in the development of new products in defence and weapons industries, in R&D activities, in the contribution to the production and development of existing products, in the production, purchase and sale of weapons and subsidiary industry products thereof.

The consolidated interim financial statements as of September 30, 2016 and December 31, 2015 have been prepared by consolidating the following subsidiaries in accordance with the full consolidation method:

Company	Ownership Ratio	
	September 30, 2016	December 31,
Tümosan Foundry Inc.	100%	100%
Tümosan Defence Inc.	100%	100%

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

##### **2.1 Declaration of conformity**

The Company keeps its statutory books and prepares its statutory financial statements in accordance with the accounting principles set out in the Turkish Commercial Code ("TCC") and tax legislation.

The accompanying financial statements have been prepared in accordance with the provisions of the Capital Markets Board's ("CMB") "Communiqué on Principles of Financial Reporting in Capital Market" (Serial: II, No: 14.1) ("Communiqué"), promulgated in the Official Gazette edition 28676 on June 13, 2013, and thus pursuant to Article 5 of the Communiqué, the Turkish Accounting Standards ("TAS") promulgated by the Public Oversight, Accounting and Auditing Standards Authority ("POA") and annexes and interpretations thereof have been taken as a basis. TAS comprises the Turkish Accounting Standards, the Turkish Financial Reporting Standards ("TFRS") and annexes and interpretations thereof, and POA principle decisions.

Furthermore, the condensed consolidated interim financial statements and notes are presented in accordance with the formats announced by CMB on June 7, 2013.

The condensed interim financial statements have been prepared in Turkish Lira ("TL") based on historical cost except for financial assets and liabilities carried at fair value. In determining the historical cost, usually the fair value of the amount paid for the assets is taken as basis.

**Note 2 - Basis of presentation of financial statements (continued)**

**2.1 Declaration of conformity (contd)**

*Approval of financial statements:*

The condensed interim financial statements were approved for publication at the Board of Management's meeting dated November 9, 2016.

**Functional and reporting currency**

The Company's financial statements are recognised in the currency that is functional in the primary economic environment in which it operates (functional currency). TL is the Company's functional currency and the reporting currency for the financial statements.

**Adjustment of financial statements in hyperinflationary periods**

In accordance with the CMB's decision no. 11/367 dated 17 March 2005, the application of inflation accounting was terminated to be effective from 1 January 2005 for companies that operates in Turkey and prepare financial statements according to the Turkish Accounting Standards. Accordingly, the Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied from 1 January 2005.

**2.2 Comparative Information and Adjustment of Prior Period Financial Statements**

The Company's financial statements are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. In order to comply with the presentation of the current financial statements, comparative information is reclassified when necessary and significant differences are disclosed.

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

The new standards, interpretations and amendments published as of the date of approval of the financial statements but not yet effective for the current reporting period and not applied early by the Company are as follows. Unless otherwise stated, the Company will make the necessary changes that will affect the financial statements and notes after the entry into force of the new standards and interpretations.

**(a) Standards that have been published but have neither become effective nor been early applied TFRS 9 *Financial Instruments – Classification and Measurement***

With the amendment made in December 2012, the new standard will be effective for annual periods beginning on or after January 1, 2018. The first phase of the standard TFRS 9 Financial Instruments introduces new provisions for the measurement and classification of financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and the measurement of financial liabilities that are classified as the ones which are measured by reflecting the fair value difference to profit or loss. These amendments require that the portion relating to credit risk of the fair value changes in this kind of financial liabilities be presented in the statement other comprehensive income. Early application of the standard is permitted. The Company is assessing the impact of the standard on its financial position and performance.

**Note 2 - Basis of presentation of financial statements (continued)**

**(a) New and Revised International Financial Reporting Standards (Continued)**

**(b) Standards issued but not yet effective and not applied early (Continued) TFRS 15 Revenue**

**from contracts with customers**

The new standard published in September 2016 changes the guidance contained in the existing TFRSs and introduces a new 11control based model for contracts with customers. This new standard introduces new guidance in accounting for revenue in respect of the separation of goods or services and their recognition over time, and stipulates that revenue is measured as the consideration which the company expects rather than the fair value. This amendment is effective for annual reporting periods beginning on or after 1 January 2018, whereby an earlier application is permitted. The Company is assessing the impact of the standard on its financial position and performance.

**(c) The new and amended standards and interpretations published by the International Accounting Standards Board (IASB) but not published by POA.**

The new standards, interpretations and changes in current International Accounting Standards ("IFRS") listed below have been published by the IASB but have not yet entered into force for the current reporting period; but these new standards, interpretations and amendments have not yet been adapted to the TFRS by the UPS and therefore do not form part of TFRS. Accordingly, standards issued by IASB but not yet published by POA are referred to as IFRS or IAS. The Company will make the necessary changes in its financial statements and notes 11after these standards and interpretations become effective as TFRS.

**IFRS 9 Financial Instruments – Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39 – IFRS 9 (2013)**

In November 2013, IASB issued a new version of IFRS 9 that includes the requirements for new hedge accounting and related amendments to IAS 39 and IFRS 7. Depending on this version, entities may choose as their accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all hedging transactions. In addition, the Standard postpones the mandatory effective date of January 1, 2015, which was included in earlier versions of IFRS 9. IFRS 9 (2014), which was published 11after IFRS (2013), determined the mandatory effective date as January 1, 2018. The Company is assessing the impact of the standard on its financial position and performance.

**IFRS 9 Financial Instruments (2014)**

IFRS 9 standard issued in July 2014 changes the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement* standard. This version includes updated applications comprising also guidances issued in previous versions for the classification and measurement of financial instruments, including a new expected credit loss model for the calculation of impairment of financial assets, and new general hedge accounting requirements. IFRS 9 also carries over from IAS 39 the applications for accounting for and derecognition of financial instruments. IFRS 9 standard is effective for annual periods beginning on or after 1 January 2018. The Company is assessing the impact of the standard on its financial position and performance.

**Note 2 - Basis of presentation of financial statements (continued)**

**2.3 New and Revised International Financial Reporting Standards (Continued)**

**(b) The new and amended standards and interpretations published by the International Accounting Standards Board (IASB) but not published by the Public Oversight, Accounting and Auditing Standards Authority (POA). (continued)**

**IFRS 16 Leases**

IASB published the new 12standard for leases on January 13, 2016. This standard replaces the existing IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease and SIC-15 Operating Leases - Incentives standards governing the lease transactions and also causes amendments to IAS 40 Investment Property standard. IFRS 16 eliminates the dual accounting model which is the current practice in the form of presenting finance leases in the balance sheet and operating leases out of balance sheet with respect to lessees. Instead, a single balance sheet-based accounting model is presented similar to existing lease accounting. For lessors, recognition continues to remain similar to existing practices. This amendment applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers. The Company is assessing the impact of the standard on its financial position and performance.

**IAS 7 Statement of Cash Flows - Disclosure Initiative (Amendments to IAS 7)**

As part of IASB's comprehensive disclosure initiative, amendments have been made to IAS 7 Statement of Cash Flows to improve presentation and disclosures in financial statements. This amendment will enable the users of financial statements to evaluate cash and non-cash based changes in liabilities arising from financing activities. This amendment is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is assessing the effect of the amendment on its financial position and performance.

**IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)**

The amendments clarify that a deductible temporary difference depends only to a comparison of an asset's carrying amount and its taxable value at the end of reporting period and that it will not be affected from possible future changes and estimated recovery in the related asset's carrying amount. This amendment is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is assessing the impact of the amendment on its financial position and performance.

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**Note 2 - Basis of presentation of financial statements (continued)**

**2.3 New and Revised International Financial Reporting Standards (Continued)**

**(b) The new and amended standards and interpretations published by the International Accounting Standards Board (IASB) but not published by the Public Oversight, Accounting and Auditing Standards Authority (POA). (continued)**

**IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)**

IASB has published amendments to IFRS 2 Share-based Payment to increase consistency in accounting for share-based payments and to eliminate certain uncertainties. This amendment clarifies the measurement of cash-settled share-based payment transactions, the classification of share-based payment transactions by netting withholding tax and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. Thus, the same approach used to measure equity-settled share-based payments was adopted in the measurement of cash-settled share-based payments. Share-based payments by netting withholding tax will be recognised as equity-settled payments if certain conditions are met. This amendment is effective for annual reporting periods commencing on or after 1 January 2018, whereby an earlier application is permitted. The Company is assessing the impact of the amendment on its financial position and performance.

**2.4 Accounting Policies, Changes in Accounting Estimates and Errors**

Significant changes made in accounting policies and significant accounting errors identified are applied retrospectively and the prior period financial statements are revised. Changes in accounting estimates are applied prospectively in the period of the change, if the change affects that period only, or the period of the change and future periods, if the change affects both. There has been no significant change in the Company's accounting estimates.

**2.5 Summary of Significant Accounting Policies**

CMB has permitted the application of a complete or condensed set in the presentation of publicly-trade entities' interim financial statements in accordance with TAS 34 "Interim Financial Reporting". Accordingly, the Company has preferred to prepare its interim financial statements as of September 30, 2016 as condensed set.

With respect to the related Communiqué, disclosures and notes required in annual financial statements prepared according to TAS/IFRS are summarised, or not included therein, in accordance with TAS 34. The accompanying condensed financial statements should be read in conjunction with the audited financial statements as of December 31, 2015, and their accompanying notes. Therefore, these condensed interim financial statements should be evaluated together with the financial statements for the year ended December 31, 2015.

The Company has continued to apply the accounting policies and accounting estimates mentioned in its financial statements as of December 31, 2015 in the same way in its condensed interim financial statements.

**Note 3 - Reporting by Segments**

The Group's management does not report financial information by segments because there are no different types of products and different geographical areas that require reporting by segments.



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**Note 4 - Cash and Cash Equivalents**

The details of cash and cash equivalents as of September 30, 2016 and December 31, 2015 are as follows:

	<b>September 30, 2016</b>	<b>December 31,</b>
Cash	2,662	1,545
Demand deposits in banks	645,987	238,233
<b>Total</b>	<b>648,649</b>	<b>239,778</b>

There are no time deposits as of September 30, 2016. (There are no time deposits as of December 31, 2015.)

**Note 5 - Financial Investments**

The details of financial investments as of June 30, 2016 and December 31, 2015 are as follows:

	<b>September 30,</b>	<b>December 31,</b>
<b>Financial investments to be held until maturity</b>		
Private Sector Bonds	9,000,000	--
<b>Total</b>	<b>9,000,000</b>	<b>--</b>

**Note 6 - Financial Payables**

The interest and foreign exchange details of financial loans are as follows:

	<b>September 30,</b>		<b>December 31, 2015</b>	
	<b>Interest Rate %</b>	<b>Amount in TL</b>	<b>Interest Rate %</b>	<b>Amount in TL</b>
Short-term Loans - TL	12.00% - 15.25%	66,763,219	12.00% - 15.25%	32,735,374
Long-term Loans - TL	12.00% - 15.25%	1,978,869		
<b>Total</b>		<b>68,742,088</b>		<b>32,735,374</b>

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**Note 7 - Trade Receivables and Payables**

**Trade Receivables**

The details of trade receivables as of September 30, 2016 and December 31, 2015 are as follows:

	<b>September 30, 2016</b>	<b>December 31,</b>
<b><i>Receivables from Related Parties (Note 23)</i></b>	<b>21,663,318</b>	<b>487,581</b>
Buyers	21,912,058	487,581
Postdated cheques and notes receivable	(248,740)	--
<b><i>Trade Receivables from Third Parties</i></b>	<b>127,796,563</b>	<b>110,969,841</b>
Buyers	65,220,911	57,088,940
Other Trade Receivables	135,208	--
Postdated cheques and notes receivable	63,626,919	56,957,190
Rediscount for Notes Receivable	(1,186,475)	--
- Less: Provision for doubtful receivables	(2,725,448)	(3,076,289)
<b>Total</b>	<b>149,459,881</b>	<b>111,457,422</b>

The movement table of doubtful receivables during the nine-month interim period ended September 30 is as follows:

	<b>January 01 - September 30,</b>	<b>January 01 - September</b>
<b>Balance as of January 1</b>	<b>(3,076,289)</b>	<b>(453,730)</b>
Provisions allocated during the period	--	(2,234,442)
Provisions no longer required	(350,841)	--
<b>Balance as of September 30</b>	<b>(2,725,448)</b>	<b>(2,688,172)</b>

**Trade Payables**

The details of trade payables as of September 30, 2016 and December 31, 2015 are as follows:

	<b>September 30, 2016</b>	<b>December 31,</b>
<b><i>Trade Payables to Related Parties (Note 23)</i></b>	<b>2,213,903</b>	<b>891,848</b>
	2,213,903	891,848
<b><i>Trade Payables to Third Parties</i></b>	<b>49,240,190</b>	<b>37,444,334</b>
Sellers	47,396,718	33,958,963
Postdated cheques and notes payable	1,670,102	3,485,371
Other Trade Payables	218,614	--
Rediscount for Notes Payable	(45,244)	--
<b>Total</b>	<b>51,454,093</b>	<b>38,336,182</b>

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**Not 8 - Other Receivables and Payables**

**Other Receivables**

The details of other receivables as of September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016	December 31,
<i>Other Receivables from Related Parties</i> (Note 23)	--	11,723,444
Ereğli Textile Tourism Industry Trade Inc.	--	11,723,187
Other	--	257
<b><i>Other Receivables From Third Parties</i></b>	<b>1,952,098</b>	<b>191,176</b>
Other Receivables	1,952,098	191,176
<b>Total</b>	<b>1,952,098</b>	<b>11,914,620</b>

**Other Payables**

The details of other payables as of September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016	December 31,
<i>Other Payables to Related Parties</i>	--	28, 176
Kademe Waste Technologies Industry Inc.	--	28, 176
<b><i>Other Payables to Third Parties</i></b>	<b>25,460</b>	<b>3,000</b>
Other Miscellaneous Liabilities	25,460	3,000
<b>Total</b>	<b>25,460</b>	<b>31,176</b>

**Note 9 - Inventories**

The details of inventories as of September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016	December 31,
Materials and spare parts	74,191,028	67,890,812
Work in process inventories	10,625,323	6,224,040
Finished goods inventories	23,653,013	8,077,305
Trade goods	4,077,506	3,118,799
Goods in transit	--	10,689,490
Other Inventories	899,904	20,731
Provision for inventories (-)	(432,727)	(2,055,744)
<b>Total</b>	<b>113,014,047</b>	<b>93,965,433</b>

The movement table of inventory impairment for the nine-month period ended September 30 is as follows:

	2016	2015
<b>Balance as of January 1</b>	<b>(2,055,744)</b>	<b>(1,882,053)</b>
Expense for the current period	--	(572,107)
Cancelled during the period	1,623,017	--
<b>Balance as of September 30</b>	<b>(432,727)</b>	<b>(2,454,160)</b>

As of September 30, 2016 and December 31, 2015, there are no pledges or mortgages on inventories.

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**Note 10 - Investment Property**

The details of investment properties as of September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016	September 30, 2015
<b>Cost</b>		
Balance on January 1	2,373,804	2,373,804
<b>Balance on September 30</b>	<b>2,373,804</b>	<b>2,373,804</b>
<b>Depreciation</b>		
Balance on January 1	(358,632)	(280,023)
Depreciation expense as of September 30	(35,607)	(58,957)
<b>Balance on September 30</b>	<b>(394,239)</b>	<b>(338,980)</b>
<b>Net book value on September 30</b>	<b>1,979,565</b>	<b>2,034,824</b>

The Group's valuation and accounting principles for investment property are disclosed in the consolidated financial statements as of December 31, 2015.

**Note 11- Tangible Fixed Assets**

The movements of tangible fixed assets for the periods of January 1-September 30, 2016 and 2015 are as follows:

	2016	2015
<b>Net book value on January 1</b>	<b>93,484,854</b>	<b>93,225,099</b>
Purchases	13,985,898	7,888,824
Outflows	(2,347,625)	(138,506)
Depreciation expense for the current period	(7,861,149)	(7,432,076)
<b>Net book value at the end of the period</b>	<b>97,261,978</b>	<b>93,543,341</b>
<b><u>Period end.</u></b>		
Cost	153,871,152	140,410,013
Accumulated depreciation	(56,609,174)	(46,866,672)
<b>Net book value</b>	<b>97,261,978</b>	<b>93,543,341</b>

The Company does not have any capitalised financing cost on tangible fixed assets. There are no mortgages, guarantees and pledges on the Company's tangible fixed assets.

**Note 12 - Intangible Fixed Assets**

The movements of intangible fixed assets for the periods of January 1-September 30, 2016 and 2015 are as follows:

	2016	2015
<b>Net book value on January 1</b>	<b>25,789,580</b>	<b>12,660,443</b>
Purchases	11,315,419	10,362,104
Outflows	--	(1,071,556)
Amortisation charges	(6,200,656)	(2,959,394)
<b>Net book value on September 30</b>	<b>30,904,343</b>	<b>18,991,597</b>
<b><u>Period-end</u></b>		
Cost	46,033,548	26,098,682
Accumulated amortisation charges	(15,129,205)	(7,107,085)
<b>Net book value on September 30</b>	<b>30,904,343</b>	<b>18,991,597</b>

There are no pledges or mortgages on the intangible fixed assets of the Group.

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**Note 13 - Provisions, Contingent Assets and Contingent Liabilities**

The details of debt provisions as of September 30, 2016 and December 31, 2015 are as follows:

**Debt Provisions**

	<b>September 30,</b>	<b>December 31,</b>
Provision for warranties	6,483,452	6,043,373
Provision for lawsuits	406,837	406,837
<b>Total</b>	<b>6,890,289</b>	<b>6,450,210</b>

The movements of provision for warranty expenses over periods are as

	<b>2016</b>	<b>2015</b>
Balance on January 1	6,043,373	5,845,270
Increase/decrease during the period	440,079	25,810
<b>Balance on September 30</b>	<b>6,483,452</b>	<b>5,871,080</b>

**Note 14 - Commitments**

The Company's position for the guarantees, pledges and mortgages (GPM) as of September 30 and December 31, 2015 is as follows. GPMs given by the Company:

<b>GPMs Given by the Company (in TL):</b>	<b>September 30,</b>	<b>December 31,</b>
A. The Total Amount of GPMs Given on Behalf of its Own Legal Entity	12,000,000	3,132,657
B. The Total Amount of GPMs Given on Behalf of Companies Included in Full Consolidation	-	-
C. The Total Amount of GPMs Given on Behalf of Other 3rd Parties	71,115,178	568,317,734
D. The Total Amount of Other GPMs Given	-	-
i. The Total Amount of GPMs Given on Behalf of the Main Shareholder	-	-
ii. The Total Amount of GPMs Given on Behalf the Other Related Companies that Do Not Fall under Articles B and C	-	-
iii. The Total Amount of GPMs Given on Behalf of 3rdParties that Do Not Fall under Article C	-	-
<b>Total</b>	<b>83,115,178</b>	<b>571,450,391</b>

The details of GPMs in foreign currency are as follows (TL

	<b>September 30,</b>	<b>December 31,</b>
Turkish lira	15,346,122	570,727,504
Euro	65,132,304	--
US dollar	2,636,751	722,887
<b>Total</b>	<b>83,115,178</b>	<b>571,450,391</b>

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**Note 15 - Provisions for Employee Benefits**

The details of short-term and long-term benefits provided to employees as of September 30, 2016 and December 31, 2015 are as follows:

**Short-term Employee Benefits**

	<b>September 30, 2016</b>	<b>December 31,</b>
Provision for unused vacations	968,313	826,860
<b>Total</b>	<b>968,313</b>	<b>826,860</b>

**Long-Term Employee Benefits**

	<b>September 30, 2016</b>	<b>December 31,</b>
Provision for severance payments	3,997,131	3,343,451
<b>Total</b>	<b>3,997,131</b>	<b>3,343,451</b>

Pursuant to the existing Turkish Labour Law, the Company is obligated to make a certain amount of severance payment to the personnel, who has served at least for one year, that leaves work due to retirement or resignation or that is dismissed from work for reasons other than misconduct or that is obliged to leave work because of compulsory military service. The amount payable consists of one month's salary for each year of service and is limited to TL 4,297 as of 30 September 2016 and TL 3,828 as of 31 December 2015. Based on the information gained from past experience, the Company has discounted the benefits gained by employees entitled to severance payments by using the government bond rates valid at the balance sheet date and reflected the discounted net values to the financial statements. Provision for severance payments is allocated by calculating the present value of the possible liability to be paid in case of the employees' retirement.

Accordingly, the actuarial assumptions used to calculate the liability as of September 30, 2016 and December 31, 2015 are as follows:

	<b>September 30, 2016</b>	<b>December 31,</b>
		<b>2015</b>
Discount rate	9.00%	11.50%
Estimated wage increase rate	5.00%	9.00%
Net discount rate	3.81%	2.29%

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**Note 15 - Provisions for Employee Benefits (continued)**

The movement table of provision for severance payment for the nine-month interim period ended September 30 is as follows:

	<b>2016</b>	<b>2015</b>
<b>Balance on January 1</b>	<b>3,343,451</b>	<b>2,808,016</b>
Service cost	629,660	298,280
Interest expense	361,280	322,922
- Actuarial gain/loss	153,603	(373,560)
Provisions allocated during the period	--	242,901
Payments	(490,863)	(139,481)
<b>Balance on September 30</b>	<b>3,997,131</b>	<b>3,159,078</b>

**Note 16 - Liabilities for Employee Benefits**

The details of liabilities for benefits provided to employees as of September 30, 2016 and December 31, 2015 are as follows:

	<b>September 30, 2016</b>	<b>December 31,</b>
Taxes and funds payable	790,913	330,117
Social Security Withholdings Payable	842,851	848,464
Payables to Employees	956,343	746,931
Other	--	77,330
<b>Total</b>	<b>2,590,107</b>	<b>2,002,842</b>

**Note 17 - Other Current Assets and Prepaid Expenses**

The details of other current assets and prepaid expenses as of September 30, 2016 and December 31, 2015 are as follows:

**Other Current Assets**

	<b>September 30, 2016</b>	<b>December 31,</b>
Deferred VAT	14,931,033	12,027,238
Deposits and guarantees given	--	72,119
Other	--	6,818
<b>Total</b>	<b>14,931,033</b>	<b>12,106,175</b>

**Prepaid Expenses**

	<b>September 30, 2016</b>	<b>December 31,</b>
Advances given	19,785,132	1,638,447
Expenses and income accruals for future months	471,770	34,798
Work advances	87,723	73,171
Other	5,192	0
<b>Total</b>	<b>20,349,817</b>	<b>1,746,416</b>

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**Note 18 - Deferred Income**

The details of deferred income as of September 30, 2016 and December 31, 2015 are as follows:

	<b>September 30, 2016</b>	<b>December 31,</b>
Advances received	3,107,618	4,653,153
Income for future months	326,830	479,952
Other	--	142,032
<b>Total</b>	<b>3,434,448</b>	<b>5,275,137</b>

**Note 19 - Equity**

**A. Capital**

The Group's shareholders and their shares in the capital as of September 30, 2016 and December 31, 2015 are as follows:

Name/Title	<b>September 30, 2016</b>		<b>December 31, 2015</b>	
	Share Rate <i>‰</i>	Share Amount <i>(TL)</i>	Share Rate <i>‰</i>	Share Amount <i>(TL)</i>
Ereğli Textile Tourism Industry and	64.60	74,285,492	66.33	76,285,493
Other	10.43	12,000,000	10.44	12,000,000
Free-float portion	24.97	28,714,508	23.23	26,714,507
Capital	100	115,000,000	100	115,000,000
<b>Total</b>		<b>115,000,000</b>		<b>115,000,000</b>

As of September 30, 2016 and December 2015, the Group's capital is fully paid up and consists of 115,000,000 shares with nominal value of TL 115,000,000 and TL 1 per share.



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**Note 20 - Sales and Cost of Sales**

The details of sales for the nine-month interim period ended September 30 are as follows:

	<b>January 1 - September 30, 2016</b>	<b>July 1 - September 30, 2016</b>	<b>January 1 - September 30, 2015</b>	<b>July 1 - September 30, 2015</b>
Domestic sales	354,761,939	120,723,389	318,872,550	107,939,131
Foreign sales	7,361,004	1,825,753	8,239,964	2,529,672
Other sales	1,226,782	332,971	195,885	90,501
Sales Returns and Allowances	(2,491,158)	(827,438)	(4,558,422)	(3,554,332)
<b>Total revenue, net</b>	<b>360,858,567</b>	<b>122,054,675</b>	<b>322,749,977</b>	<b>107,004,972</b>
Cost of sales	(269,078,059)	(92,984,862)	(251,872,671)	(81,108,067)
<b>Gross Profit</b>	<b>91,780,508</b>	<b>29,069,813</b>	<b>70,877,306</b>	<b>25,896,905</b>

**b. Distribution of Sales by Product Groups (net)**

	<b>January 1 - September</b>	<b>July 1 - September 30,</b>	<b>January 1 - September</b>	<b>July 1 - September 30,</b>
Tractor sales	337,338,098	115,580,088	303,530,896	99,439,490
Spare part sales	12,430,432	3,879,191	11,743,950	5,907,026
Engine Sales	3,408,421	968,267	4,434,743	1,658,456
Other	7,681,616	1,627,129	3,040,388	--
<b>Total sales</b>	<b>360,858,567</b>	<b>122,054,675</b>	<b>322,749,977</b>	<b>107,004,972</b>

**Note 21 - Tax Assets and Liabilities**

**Tax Expenses**

The details of tax expenses for the nine-month interim period ended September 30 are as follows:

	<b>January 1 - September</b>	<b>January 1 - September</b>
Corporate income tax for the current period	(9,238,651)	(5,477,986)
Deferred tax (income)/expense	1,032,978	125,923
<b>Tax Expenses, Recognised in the Income Statement</b>	<b>(8,205,673)</b>	<b>(5,352,063)</b>
Recognised in Other Comprehensive Income	30,721	(74,712)
<b>Total Tax Expenses</b>	<b>(8,174,952)</b>	<b>(5,426,775)</b>

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**Note 21 - Tax Assets and Liabilities (continued)**

**Deferred Tax Assets and Liabilities**

The movement table of deferred tax assets/liabilities for the nine-month interim period ended September 30 is as follows:

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	<b>2016</b>	<b>2015</b>
Deferred Tax Assets/Liabilities as of January 1	(635,425)	(951,589)
Recognised in the Income Statement	1,032,978	125,923
Recognised in Other Comprehensive Income	30,721	(74,712)
<b>Deferred Tax Assets/Liabilities as of September 30</b>	<b>428,274</b>	<b>(900,378)</b>

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**Note 22 - Earnings per Share**

Earnings per share is calculated by dividing the net income for the current period by the weighted average number of shares in issue during the period. In Turkey, companies are entitled to increase their capital through the distribution of bonus shares to be covered from the revaluation surplus fund or accumulated profits. In calculation of earnings per share, such increases are accepted as bonus issue. Dividend distributions added to capital are also considered in the same way. Therefore, when calculating the average number of shares, it is considered that such shares are in issue during the year. Thus, the weighted average number of the shares used to calculate the earnings per share has been determined taking into account retrospective effects.

	<b>January 1 - September 30, 2016</b>	<b>July 1 - September 30, 2016</b>	<b>January 1 - September 30, 2015</b>	<b>July 1 - September 30, 2015</b>
The weighted average number of shares outstanding during the period	115,000,000	115,000,000	115,000,000	115,000,000
(1 TL each) Net income for the period	35,911,007	9,332,016	27,153,979	8,088,679
Earning per share (TL)	<b>0.3123</b>	<b>0.0811</b>	<b>0.2361</b>	<b>0.0703</b>

**Not 23 - Related Party Disclosures**

The Group conducts various transactions with related parties during its operations. The details of outstanding balances with related parties are as follows:

**a. Receivables/Payables from Related Parties:**

	<b>Receivables</b>		<b>Payables</b>	
	<b>Short Term</b>		<b>Short Term</b>	
<b>September 30, 2016</b>	<b>Trade</b>	<b>non-trade</b>	<b>Trade</b>	<b>non-trade</b>
<b>Balances with related parties</b>				
<b>Shareholders</b>				
Ereğli Textile Tourism Industry Trade Inc.	18,974,516			
<b>Companies Managed by the Main Shareholder</b>				
Albayrak Holding Inc.			1,811,757	
Albayrak Tourism Travel Construction Trade Inc. Albayrak	2,227,927			
Company Somali Mogadishuport Operation - Albayrak	437,863		14,466	
Tourism Travel Construction Trade Inc. Branch				
Other	23,012		387,681	
	<b>21,663,318</b>	<b>--</b>	<b>2,213,903</b>	<b>--</b>

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**Not 23 - Related Party Disclosures (continued)**

**a. Receivables/Payables concerning Related Parties (continued):**

December 31, 2015	Receivables		Payables	
	Short Term		Short Term	
Balances with related parties	Trade	non-trade	Trade	non-trade
<b>Shareholders</b>		11,723,18		
Ereğli Textile Tourism Industry Trade Inc.		7		-
<b>Companies Managed by the Main Shareholder</b>		--		
Albayrak Company Somali Mogadishuport Operation - Albayrak Tourism Travel Construction Trade Inc. Branch	424,957	--	-	-
Albil Central Services Inc.		--	719,322	-
Other	62,624	257	172,526	28,176
	487,581	11,723,44	891,848	28,176
		4		

As of December 31, 2016 and December 31, 2015, there is no guarantee obtained from and/or given to related parties.

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**Not 23 - Related Party Disclosures (continued)**

**b. Transactions made with Related Parties During the Year:**

*Services and Other Purchases*

	January 1 - September 30, 2016			January 1 - September 30, 2015	
	Rent	Purchase of Services and Goods	Other	Purchase of Services and Goods, Other	
Albayrak Tourism Travel Inc.	1,513,844	--	34,495	--	--
Albayrak Publishing Holding Inc.	--	--	--	--	--
Albil Central Services and Trade Inc.	--	1,087,730	1,850,541	1,513,066	-
Birlikte Distribution Inc.	--	2,968	--	1,080	
Ereğli Textile Tourism Industry and Trade Inc.	--	--	--	--	
Kademe Waste Technologies Industry Inc.	--	886,706	58,800	337,930	-
Platform Tourism Transport Food Construction Cleaning Services Industry and Trade Inc.	--	33,300	--	33,300	
Reklam Piri Media Communication Inc.	--	10,000	--	5,000	-
<b>Total</b>	<b>1,513,844</b>	<b>2,020,704</b>	<b>1,943,836</b>	<b>1,890,376</b>	

*Sales and Other Income*

	January 1 - September 30, 2016				January 1 - September 30, 2015			
	Rent	Sale of Goods and Services	Interest	Other	Rent	Sale of Goods and Services	Interest	Other
Albayrak Tourism Travel Construction Trade Inc.					283,871		74,265	
Nakil Logistics Inc.						7,464,641		
Albil Central Services and Trade Inc.	--	--	--	501,997				
Ereğli Textile Tourism Industry and Trade Inc.	6,000		1,485,142	6,539	5,966		794,869	70,656
Kazzaz Paper Trading Inc.		52,793	--	--				
Kademe Waste Technologies Industry Inc.	91,695	1,184,393	195	157,866	93,814		2,281	660,283
Varaka Paper Production Inc.	--	150,646	--	--				
Other	--	1,112	--	--	1,860			273,076
<b>Total</b>	<b>97,695</b>	<b>1,388,945</b>	<b>1,485,337</b>	<b>666,402</b>	<b>385,511</b>	<b>7,464,641</b>	<b>871,415</b>	<b>1,004,015</b>

***Benefits Provided to the Top Management***

The total amount of benefits and advantages provided to the top management is TL 718,328 in the interim period ended September 30, 2016 (September 30, 2015: 664,173 TL).

**Note 24 - Financial Risk Management and Policies**

The Group's major financial instruments consist of bank loans, finance lease liabilities, factoring liabilities, cash and short-term deposits. The main purpose of the financial instruments is to finance the activities of the Group. The Group also has financial instruments such as trade receivables and payables which arise as a result of its activities. The main risks which the Group's financial instruments generate are interest rate risk, foreign currency risk, credit risk and liquidity risk. The management's policies regarding the management of these risks are summarized below. The Group also takes into account the market-value risk of all its financial instruments.

**Capital Management**

The Group aims to increase its profitability in capital management by trying to maintain the continuity of its activities on the one hand and using the debt and equity balance in the most efficient way on the other hand. The Group's capital structure consists of payables, cash and cash equivalents and equity items, which comprise issued capital, capital reserves and profit reserves, as disclosed in Note 19. The Group's top management assesses the capital cost of the Group and the risk inherent in each capital class. Based on the assessments of the top management and of the Board of Management, the Group intends to keep the capital structure stable by acquiring new debt or repaying existing debt. The Group monitors the capital using the debt/equity ratio.

**Interest Rate Risk**

As of September 30, 2016 and December 31, 2015, the Group does not bear any interest rate risk since it has no variable interest rate loans.

**Foreign Currency Risk**

The Group is exposed principally to currency risk in respect of the euro and US dollar and this currency risk arises in general from trade receivables, trade payables and financial payables in the euro and US dollar. In order to minimise this risk, the Group monitors its financial position, cash inflows/outflows with detailed cash-flow statements.

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Note 24 - Financial Risk Management and Policies (continued)

	September 30, 2016				
	TL Equivalent	US dollar	Euro	GBP	CHF
1. Trade receivables	4,263,228	160,823	1,065,843	51,202	37
2a. Monetary financial assets (including cash and bank accounts)	65,082	12	19,354	--	
3. Other	5,241	1,000	668		
<b>4. Current assets (1+2+3)</b>	<b>4,333,552</b>	<b>161,836</b>	<b>1,085,865</b>	<b>51,202</b>	<b>37</b>
6a. Monetary financial assets	175,710	58,650			
<b>8. Fixed assets (5+6+7)</b>	<b>175,710</b>	<b>58,650</b>	--	--	
<b>9. Total assets (4+8)</b>	<b>4,509,261</b>	<b>220,486</b>	<b>1,085,865</b>	<b>51,202</b>	<b>37</b>
10. Trade payables	(12,011,886)	(906,351)	(2,766,171)	--	--
<b>13. Short-term liabilities (10+11+12)</b>	<b>(12,011,886)</b>	<b>(906,351)</b>	<b>(2,766,171)</b>	--	--
<b>17. Long-term liabilities (14+15+16)</b>	--	--	--	--	--
<b>18. Total liabilities (13+17)</b>	<b>(12,011,886)</b>	<b>(906,351)</b>	<b>(2,766,171)</b>	--	--
19. Net asset/(liability) position of the off-balance sheet foreign currency derivative instruments (19a-19b)	--	--	--	--	
19a. Sum of the off-balance sheet foreign-currency derivative products with active character	--	--	--	--	
19a. Sum of the off-balance sheet foreign-currency derivative products with passive character	--	--	--	--	
<b>20. Net foreign currency asset/(liability) position (9-18+19)</b>	<b>16,521,147</b>	<b>1,126,836</b>	<b>3,852,036</b>	<b>51,202</b>	<b>37</b>
<b>21. Net foreign currency asset/(liability) position of monetary items (TFRS 7.B23) (=1+2a+5+6a- 10-11-12a-14-15-16a)</b>	<b>16,521,147</b>	<b>1,126,836</b>	<b>3,852,036</b>	<b>51,202</b>	<b>37</b>
22. Total fair value of financial instruments used to hedge foreign currency	--	--	--	--	
23. The amount of hedged portion of foreign-currency assets	--	--	--	--	
24. The amount of hedged portion of foreign-currency liabilities	--	--	--	--	

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Note 24 - Financial Risk Management and Policies (continued)

	December 31,			
	TL Equivalent	US dollar	Euro	GBP
1. Trade receivables	3,308,322	145,655	907,860	--
2a. Monetary financial assets (including cash and bank	500,843	171,041	1,109	--
3. Other	736,205	66,893	168,019	1,816
<b>4. Current assets (1+2+3)</b>	<b>4,545,371</b>	<b>383,589</b>	<b>1,076,988</b>	<b>1,816</b>
6a. Monetary financial assets	43,178	14,850	--	--
<b>8. Fixed assets (5+6+7)</b>	<b>43,178</b>	<b>14,850</b>	<b>--</b>	<b>--</b>
<b>9. Total assets (4+8)</b>	<b>4,588,549</b>	<b>398,439</b>	<b>1,076,988</b>	<b>1,816</b>
10. Trade payables	(10,466,318)	(2,840,917)	(694,256)	--
11. Short-term Financial Payables	111,216	--	35,000	--
<b>13. Short-term liabilities (10+11+12)</b>	<b>(10,355,102)</b>	<b>(2,840,917)</b>	<b>(659,256)</b>	<b>--</b>
<b>17. Long-term liabilities (14+15+16)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>18. Total liabilities (13+17)</b>	<b>(10,355,102)</b>	<b>(2,840,917)</b>	<b>(659,256)</b>	<b>--</b>
<b>19. Net asset/(liability) position of the off-balance sheet foreign currency derivative instruments (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Sum of the off-balance sheet foreign-currency derivative products with active character</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Sum of the off-balance sheet foreign-currency derivative products with passive character</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Net foreign currency asset/(liability) position (9-18+19)</b>	<b>14,943,651</b>	<b>3,239,356</b>	<b>1,736,244</b>	<b>1,816</b>
<b>21. Net foreign currency asset/(liability) position of monetary items (TFRS 7.B23) (=1+2a+5+6a- 10-11-12a-14-15-16a)</b>	<b>3,741,128</b>	<b>331,546</b>	<b>873,969</b>	<b>--</b>
<b>22. Total fair value of financial instruments used to hedge foreign currency</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>23. The amount of hedged portion of foreign-currency</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>24. The amount of hedged portion of foreign-currency liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>



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In the profit/loss segment of the foreign currency sensitivity statement, it is presented how the statement of comprehensive income will be affected if the TL gains/loses 10% against the following foreign currencies as of September 30, 2016 and December 31, 2015. When analyzing, it is assumed that all other variables, especially the interest rates, remain constant.

The Group's exchange rate sensitivity analysis statement as of September 30, 2016 and December 31, 2015 is as follows:

	<b>September</b>	
	<b>Profit/(loss)</b>	
	<b>Appreciation of the foreign currency</b>	<b>Depreciation of the foreign currency</b>
<i>If the US dollar appreciates/depreciates 10% against the Turkish lira</i>		
1- Income/(loss) arising from US dollar-denominated net asset/(liability)	(337,589)	337,589
2- Hedged amount from US dollar risk (-)	-	-
<b>Net effect of the US dollar</b>	<b>(337,589)</b>	<b>337,589</b>
<i>If the euro appreciates/depreciates 10% against the Turkish lira</i>		
3- Income/(loss) arising from euro-denominated net asset/(liability)	(1,294,592)	1,294,592
4- Hedged amount from euro risk (-)	-	-
<b>Net effect of the euro</b>	<b>(1,294,592)</b>	<b>1,294,592</b>
<i>If other foreign currencies appreciate/depreciate 10% against the Turkish lira</i>		
5- Income/(loss) arising from net asset/(liability) denominated in other	(19,933)	19,933
6- Hedged amount from other foreign currency risk (-)	-	-
<b>Net effect of other foreign currencies</b>	<b>(19,933)</b>	<b>19,933</b>
<b>TOTAL NET EFFECT</b>	<b>(1,652,115)</b>	<b>1,652,115</b>

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**Note 24 - Financial Risk Management and Policies (continued)**

	December 31, 2015	
	Profit/(loss)	
	Appreciation of the foreign currency	Depreciation of the foreign currency
<i>If the US dollar appreciates/depreciates 10% against the Turkish lira</i>		
1- Income/(loss) arising from US dollar-denominated net asset/(liability)	(764,225)	764,225
2- Hedged amount from US dollar risk (-)	-	-
<b>Net effect of the US dollar</b>	<b>(764,225)</b>	<b>764,225</b>
<i>If the euro appreciates/depreciates 10% against the Turkish lira</i>		
3- Income/(loss) arising from euro-denominated net asset/(liability)	110,495	(110,495)
4- Hedged amount from euro risk (-)	-	-
<b>Net effect of the euro</b>	<b>110,495</b>	<b>(110,495)</b>
<i>If the British pound sterling appreciates/depreciates 10% against the Turkish lira</i>		
3-→Income/(loss) arising from sterling-denominated net asset/(liability)	781	(781)
6- Hedged amount from pound sterling risk (-)	-	-
<b>Net effect of the British pound sterling</b>	<b>781</b>	<b>(781)</b>
<b>TOTAL NET EFFECT</b>	<b>(652,949)</b>	<b>652,949</b>

**Note 25 - Events After the Balance Sheet Date**

None