

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

Convenience translation into English of condensed  
consolidated interim financial statements for the nine-month  
period ended 30 September 2018  
(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 30 September 2018

Monetary Unit: Turkish Lira ("TL")

	<i>Notes</i>	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		<b>30 September 2018</b>	<b>31 December 2017</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	4	6.135.558	922.601
Financial Investments	5	5.481.762	5.490.564
Trade Receivables			
-Trade Receivables from Related Parties	3	2.591.245	7.977.463
-Trade Receivables from Non-Related Parties	7	153.604.188	125.054.136
Other Receivables			
- Other Receivables from Related Parties	3	65.717.255	13.148.591
- Other Receivables from Non-Related Parties	8	6.585.383	1.691.147
Inventories	9	150.838.532	103.604.669
Prepaid Expenses	10	10.705.478	8.441.007
Current Tax Assets		--	83.663
Other Current Assets	16	13.059.582	27.527.782
<b>Total Current Assets</b>		<b>414.718.983</b>	<b>293.941.623</b>
<b>Non-Current Assets</b>			
Trade Receivables			
-Trade Receivables from Non-Related Parties		6.755.886	5.274.104
Investment Property	11	1.884.610	1.920.218
Property, Plant and Equipment	12	261.814.385	259.586.304
Intangible Assets			
- Other Intangible Assets	13	12.499.066	18.813.898
Prepaid Expenses		--	56.619
Deferred Tax Assets	20	160.662	105.957
<b>Total Non-Current Assets</b>		<b>283.114.609</b>	<b>285.757.100</b>
<b>Total Assets</b>		<b>697.833.592</b>	<b>579.698.723</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 30 September 2018 (*continued*)

Monetary Unit: Turkish Lira ("TL")

	<i>Notes</i>	<b>Unaudited</b>	<b>Audited</b>
		<b>30 September 2018</b>	<b>31 December 2017</b>
<b>LIABILITIES</b>			
<b>Short Term Liabilities</b>			
Short Term Borrowings	6	136.231.847	28.084.980
Short Term Portion of Long Term Borrowings	6	2.361.574	2.783.831
Trade Payables			
- Trade Payables from Related Parties	3	4.407.098	1.681.133
- Trade Payables from Non-Related Parties	7	102.189.272	73.883.927
Payables Related to Employee Benefits	15	4.412.040	3.315.507
Other Payables			
- Other Payables from Non-Related Parties	8	3.814.058	4.544.249
Deferred Income	10	1.361.290	7.950.474
Short Term Provisions			
- Provisions for Employee Benefits	15	1.332.540	1.330.687
- Other Provisions	14	8.980.218	9.400.835
<b>Total Short-Term Liabilities</b>		<b>265.089.937</b>	<b>132.975.623</b>
Long Term Borrowings	6	898.813	--
Trade Payables			
- Trade Payables from Non-Related Parties		6.755.886	5.274.104
Long Term Provisions			
- Provisions for Employee Benefits	15	3.066.124	3.244.272
Deferred Tax Liability	20	11.212.521	14.762.649
<b>Total Long- Term Liabilities</b>		<b>21.933.344</b>	<b>23.281.025</b>
<b>Total Liabilities</b>		<b>287.023.281</b>	<b>156.256.648</b>
<b>Equity Attributable to The Owners of The Company</b>			
Paid-In Share Capital	17	115.000.000	115.000.000
Share Premium		13.074.563	13.074.563
Other Comprehensive Income/ Expense Not to Be Reclassified to Profit or Loss			
- Revaluation Reserves	17	172.764.682	172.764.682
- Actuarial Gain	17	968.064	756.802
Restricted Reserves		14.047.934	14.025.680
Retained Earnings		107.798.094	120.903.364
Net Loss for the Period		(12.843.026)	(13.083.016)
<b>Non- Controlling Interest</b>		<b>--</b>	<b>--</b>
<b>Total Equity</b>		<b>410.810.311</b>	<b>423.442.075</b>
<b>Total Equity and Liabilities</b>		<b>697.833.592</b>	<b>579.698.723</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 Nine-Month Period Ended 30 September 2018

Monetary Unit: Turkish Lira ("TL")

	<i>Notes</i>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>1 January- 30 September 2018</b>	<b>1 July- 30 September 2018</b>	<b>1 January- 30 September 2017</b>	<b>1 July- 30 September 2017</b>
Revenue	18	333.446.110	109.965.037	419.715.577	135.934.659
Cost of Sales (-)	18	(278.576.392)	(89.968.760)	(355.582.376)	(115.093.176)
<b>Gross Profit</b>		<b>54.869.718</b>	<b>19.996.277</b>	<b>64.133.201</b>	<b>20.841.483</b>
General Administrative Expenses (-)	19	(13.595.637)	(2.417.929)	(14.065.157)	(4.760.764)
Marketing Expenses (-)	19	(30.021.146)	(9.562.028)	(40.054.288)	(12.783.215)
Research and Development Expenses (-)	19	(15.182.983)	(7.734.411)	(22.201.594)	(2.253.154)
Other Income		5.841.433	(431.410)	10.919.719	2.171.158
Other Expenses (-)		(13.190.174)	(6.607.110)	(3.549.053)	1.953.188
<b>Operating Profit / (Loss)</b>		<b>(11.278.789)</b>	<b>(6.756.611)</b>	<b>(4.817.172)</b>	<b>5.168.696</b>
Gain from Investment Activities		255.753	28.713	442.440	344.208
Loss of Investment Activities		--	--	(8.069)	(1.069)
<b>Operating Profit/(Loss) Before Financial Income/ Expenses</b>		<b>(11.023.036)</b>	<b>(6.727.898)</b>	<b>(4.382.801)</b>	<b>5.511.835</b>
Financial Income		4.485.712	2.763.858	2.232.363	1.242.105
Financial Expenses (-)		(9.970.122)	(4.609.879)	(6.453.145)	(573.172)
<b>Financial Income/ Expenses, Net</b>		<b>(5.484.410)</b>	<b>(1.846.021)</b>	<b>(4.220.782)</b>	<b>668.933</b>
<b>Profit/ (Loss) Before Tax</b>		<b>(16.507.446)</b>	<b>(8.573.919)</b>	<b>(8.603.583)</b>	<b>6.180.768</b>
<b>Tax Income/ (Expense)</b>	<b>20</b>	<b>3.664.420</b>	<b>1.960.436</b>	<b>1.496.294</b>	<b>(1.418.329)</b>
- Current Tax Expense for The Period		--	--	(174.235)	(28.246)
- Deferred Tax Income/(Expense)		3.664.420	1.960.436	1.670.529	(1.390.083)
<b>Net Profit / (Loss) for The Period</b>		<b>(12.843.026)</b>	<b>(6.613.483)</b>	<b>(7.107.289)</b>	<b>4.762.439</b>
<b>Distribution of Total Income</b>					
Equity Holders of The Company		(12.843.026)	(6.613.483)	(7.107.289)	4.762.439
Non-Controlling Interest		--	--	--	--
<b>Number of Shares</b>	<b>21</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>21</b>	<b>(0,1117)</b>	<b>(0,0575)</b>	<b>(0,0618)</b>	<b>0,0414</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 Nine-Month Period Ended 30 September 2018**  
*Monetary Unit: Turkish Lira ("TL")*

	<i>Notes</i>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>1 January- 30 September 2018</b>	<b>1 July- 30 September 2018</b>	<b>1 January- 30 September 2017</b>	<b>1 July- 30 September 2017</b>
<b>Net Profit /(Loss) for The Period</b>		<b>(12.843.026)</b>	<b>(6.613.483)</b>	<b>(7.107.289)</b>	<b>4.762.439</b>
<b>Total Other Comprehensive Income Not to Be Reclassified to Profit or Loss</b>					
- Actuarial Gains / Loss	15	270.849	76.923	287.389	(119.875)
- Tax Effect	20	(59.587)	(16.923)	(57.478)	23.975
<b>Total Other Comprehensive Income</b>		<b>211.262</b>	<b>60.000</b>	<b>229.911</b>	<b>(95.900)</b>
<b>Total Comprehensive Income</b>		<b>(12.631.764)</b>	<b>(6.553.483)</b>	<b>(6.877.378)</b>	<b>4.666.539</b>
<b>Distribution of Total Comprehensive Income</b>					
Equity Holders of The Company		(12.631.764)	(6.553.483)	(6.877.378)	4.666.539
Non-Controlling Interest		--	--	--	--

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 Nine-Month Period Ended 30 September 2018

Monetary Unit: Turkish Lira ("TL")

	<i>Other comprehensive income/expense not to be reclassified to profit or loss</i>								
	<i>Paid-In Share Capital</i>	<i>Share Premium</i>	<i>Capital Reserves</i>	<i>Revaluation Reserves</i>	<i>Actuarial Gain/ (Loss) Arising from Employee Benefits</i>	<i>Restricted Reserves</i>	<i>Retained Earnings</i>	<i>Net Profit/Loss</i>	<i>Paid-In Share Capital</i>
<b>1 January 2017</b>	<b>115.000.000</b>	<b>13.074.563</b>	<b>729.443</b>	<b>39.371.136</b>	<b>672.736</b>	<b>13.843.979</b>	<b>80.325.194</b>	<b>40.030.428</b>	<b>303.047.479</b>
Transfers	--	--	--	--	--	180.701	39.849.727	(40.030.428)	--
Net Profit/ (Loss)	--	--	--	--	--	--	--	(7.107.289)	(7.107.289)
Other Comprehensive Income	--	--	--	--	229.911	--	--	--	229.911
<b>30 September 2017</b>	<b>115.000.000</b>	<b>13.074.563</b>	<b>729.443</b>	<b>39.371.136</b>	<b>902.647</b>	<b>14.024.680</b>	<b>120.174.921</b>	<b>(7.107.289)</b>	<b>296.170.101</b>
<b>1 January 2018</b>	<b>115.000.000</b>	<b>13.074.563</b>	<b>--</b>	<b>172.764.682</b>	<b>756.802</b>	<b>14.025.680</b>	<b>120.903.364</b>	<b>(13.083.016)</b>	<b>423.442.075</b>
Transfers	--	--	--	--	--	22.254	(13.105.270)	13.083.016	--
Net Profit/ (Loss)	--	--	--	--	--	--	--	(12.843.026)	(12.843.026)
Other Comprehensive Income	--	--	--	--	211.262	--	--	--	211.262
<b>30 September 2018</b>	<b>115.000.000</b>	<b>13.074.563</b>	<b>--</b>	<b>172.764.682</b>	<b>968.064</b>	<b>14.047.934</b>	<b>107.798.094</b>	<b>(12.843.026)</b>	<b>410.810.311</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 Nine-Month Period Ended 30 September 2018

Monetary Unit: Turkish Lira ("TL")

	<i>Notes</i>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>1 January– 30 September 2018</b>	<b>1 January – 30 September 2017</b>
Net Loss for the Period		(12.843.026)	(7.107.289)
<b>Adjustments to Reconcile Cash Flow Generated from Operating Activities:</b>			
Depreciation and Amortization	<i>11, 12, 13</i>	15.631.729	16.057.907
Provision for Employee Benefits	<i>15</i>	788.731	703.721
Provision for Doubtful Receivables	<i>7</i>	1.293.388	(231.811)
Tax Income	<i>20</i>	(3.664.420)	(1.496.294)
Impairment of Intangible Assets (R&D Expenses)	<i>13</i>	--	13.333.404
Interest Income		(4.485.712)	(2.232.363)
Guarantee and Other Provisions	<i>14</i>	(420.617)	1.573.691
Vacation Payment Liability Provisions		1.853	306.689
Interest Expense	<i>9</i>	9.738.556	6.453.145
<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		(83.401.904)	(25.477.314)
Change in Inventories		(47.233.863)	(82.423)
Change in Prepaid Expenses and The Other Current Asset		12.260.348	4.725.155
Change in Trade Payables and Other Payables		31.782.901	33.160.343
Change in Payables Related Employee Benefits		1.096.533	3.873.049
Change in Deferred Income		(6.589.184)	(719.007)
Employment Termination Benefits Paid	<i>15</i>	(696.030)	(34.146)
Taxes Paid/Return		83.663	(267.755)
<b>Net Cash Generated from Operations</b>		<b>(86.657.054)</b>	<b>42.538.703</b>
<b>Investing Activities</b>			
Change in Financial Investment		8.802	3.840.652
Purchase of Property, Plant and Equipment and Intangible Assets	<i>12, 13</i>	(11.798.406)	(13.720.840)
Sales of Property, Plant and Equipment	<i>12</i>	289.036	397.515
<b>Net Used in Investing Activities</b>		<b>(11.500.568)</b>	<b>(9.482.673)</b>
<b>Financing Activities</b>			
Financial Borrowings, Net		108.623.423	(23.279.962)
Interest Received		4.485.712	2.232.363
Interest Paid		(9.738.556)	(6.453.145)
<b>Net Cash Provided from Financing Activities</b>		<b>103.370.579</b>	<b>(27.500.744)</b>
Net Increase/ (Decrease) in Cash and Cash Equivalents		5.212.957	5.555.286
Cash and Cash Equivalents at The Beginning of the Period	<i>4</i>	922.601	2.099.046
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>4</b>	<b>6.135.558</b>	<b>7.654.332</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 Nine-Month Period Ended 30 September 2018  
*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 Nine-Month Period Ended 30 September 2018  
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 July 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:

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

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

Shareholder	30 September 2018	31 December 2017
	Shareholding Rates %	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	28,70	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 Nine-Month Period Ended 30 September 2018  
*Monetary Unit: Turkish Lira ("TL")*

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

As of 30 September 2018, the average number of personnel of the Company is 500 (31 December 2017: 542).

**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 30 September 2018 have been prepared by fully consolidating the subsidiaries stated below to the Company.

<b>Company</b>	<b>Rate of Control</b>	
	<b>30 September 2018</b>	<b>31 December 2017</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/TFRS”) and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

Additionally, financial statements and footnotes have prepared in accordance with formats issued by CMB on 2 June 2016.

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

The consolidated financial statements are prepared in TL based on historical cost except for financial assets and liabilities measured at fair value.

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

With the decision of CMB 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, TMS 29 is not applied starting from 1 January 2005.

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

The 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 Group is TL.

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

The Group’s 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.

The trade receivables from non-related parties under short term liabilities trade payables from non-related parties amounting to 5.274.104 TL for the year ended 31 December 2017 has been classified with the same amount classified under long- term trade recivables from non-related parties.

The Deferred Income classified trade payables to 7.824.729 TL for the year ended 31 December 2017 has been classified with the amount of 2.550.625 TL classified under short term liabilities trade payables form non- related parties and the amount of 5.274.104 TL classified long trade payables from non-related parties.

**Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**  
Notes to the Condensed Interim Consolidated Financial Statements  
As at and for the Nine-Month Period Ended 30 September 2018  
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>30 September 2018</b>	<b>31 December 2017</b>
USD/TL	5,9902	3,7719
EURO /TL	6,9505	4,5155
GBP/TL	7,8079	5,0803

**(g) Basis of Consolidation**

As at 30 September 2018 and 31 December 2017, 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 30 September 2018 and 31 December 2017 for all subsidiaries directly controlled by the Group and included in the scope of consolidation:

<b>Company</b>	<b>Rate of Control</b>	
	<b>30 September 2018</b>	<b>31 December 2017</b>
Tümosan Döküm A.Ş.	% 100	% 100
Tümosan Savunma A.Ş.	% 100	% 100

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

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

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

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

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

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value

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. Non-adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

###### *(ii) Loss of Control*

If the Group loses control of its subsidiaries, the Group derecognizes the assets and liabilities of the subsidiaries, their non-controlling interests and other equity under the subsidiaries. Any gains or losses arising therefrom are recognized in profit or loss. Remaining shares of the previous subsidiaries are measured at their fair value as of the date the 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. In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than TL, main consolidation transactions are made such as elimination of related party balances and transactions. But, a monetary asset (or liability) of related parties regardless of short-term or long-term (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is more than TL) cannot be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated financial statements. Because, a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kind of foreign exchange differences are recognized in profit or loss of consolidated financial statements of the Group.

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

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 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 consolidated financial statements were authorized by management for issue to submit to the Board of Directors on 9 November 2018.

## **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.

#### **(a) Standards issued but not yet effective and not early adopted**

##### **Amendments to IFRS 9- Prepayment features with negative compensation**

On December 2017, POA has issued amendments to IFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. Under IFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include ‘reasonable additional compensation’ for early termination of the contract. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 9

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

The following standards, interpretations 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 TFRS by the POA, thus they do not constitute part of TFRS. 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 financial statements after the new standards and interpretations are issued and become effective under TFRS.

##### **IFRS 16 Leases**

On 13 January 2016, IASB issued the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

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

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

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

#### **IFRIC 23 –Uncertainty over Income Tax Treatments**

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company’s tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty.

IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective from 1 January 2019, with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 23.

#### ***Annual Improvements to IFRSs 2015-2017 Cycle***

##### **Improvements to IFRSs**

IASB issued Annual Improvements to IFRS’s- 2015–2017 Cycle. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Company does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

##### ***IFRS 3 Business Combinations and IFRS 11 Joint Arrangements***

IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

##### ***IAS 12 Income Taxes***

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

##### ***IAS 23 Borrowing Costs***

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.



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

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

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

##### **Amendments to IAS 19- Plan Amendment, Curtailment or Settlement –**

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 19.

##### **The revised Conceptual Framework**

The revised Conceptual Framework issued on 28 March 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS 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 IFRS 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 Board 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 IFRS 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.

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

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

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

##### **IFRS 17 –Insurance Contracts**

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

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

Significant changes in accounting policies and significant accounting errors identified are applied retrospectively and the prior period financial statements are restated. Changes in the accounting estimates are applied in the current year that changes made if the changes are regarding one term, if it relates to future periods, or it is applied prospectively both in the period in which the change is made and in the future period. There has been no significant change in the Company's accounting 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 TAS 34 "Interim Financial Statements". Accordingly, the Company prepared the condensed presentation of the financial statements at the interim period ending 30 September 2018

In respect of the relevant notification the required disclosures and notes that should be included in the annual financial statements prepared in accordance with TAS / TFRS are summarized or not presented in accordance with TAS 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 2017.

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 nine-month period ended 30 September 2018 with those financial statements as of and for the year ended 31 December 2017.

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

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### **3 Related Parties Disclosures**

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

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:

#### **Related Parties**

Albayrak Turizm Seyahat İnşaat Tic. A.Ş. ("Albayrak İnşaat")

Ereğli Tekstil Turizm San. ve Tic. A.Ş. ("Ereğli Tekstil")

Albayrak Holding A.Ş. ("Albayrak Holding")

Albil Merkezi Hizmetler ve Ticaret A.Ş. ("Albil Merkezi Hizmetler")

Birlikte Dağıtım A.Ş. ("Birlikte Dağıtım")

Birun Otelcilik A.Ş. ("Birun Otelcilik")

Kademe Atık Teknolojileri San.A.Ş. ("Kademe Atık")

Platform Tur. Taş. Gıda İnş. Tem. Hiz. San.ve Tic. A.Ş. ("Platform Turizm")

Reklam Piri Medya İletişim A.Ş. ("Reklam Piri")

Albayrak Somali Liman İşletmeciliği ("Somali Liman")

Varaka Kağıt Sanayi A.Ş. ("Varaka Kağıt")

Yeşil Adamlar Atık Yönetimi ve Taşımacılık A.Ş. ("Yeşil Adamlar")

Albayrak92 Private Ltd. ("Albayrak Private")

Bayfa Geri Dön.Tur. Taş. San.ve Tic. Ltd. Şti ("Bayfa Geri Dönüşüm")

Sistemli Dağıtım Hizmetleri A.Ş. ("Sistemli Dağıtım")

#### **Position**

Controlling Shareholder

Shareholder

Related Party

Related Party

Related Party

Related Party

Related Party

Related Party

Related Party

Related Party

Related Party

Related Party

Related Party

Related Party

Related Party

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**3 Related Parties Disclosures (continued)**

As of 31 December 2018 receivables and payables from the related parties are as follows:

30 September 2018	Receivables		Payables
	Current		Short Term
	Trading	Non-Trading	Trading
Kademe Atık	2.273.313	--	3.858.819
Birun Otelcilik	115.500	--	1.252
Bayfa Geri Dönüşüm	112.100	--	--
Sistemli Dağıtım	66.862	--	--
Albayrak92 Private Ltd.	20.208	--	--
Albil Merkezi Hizmetler	2.103	--	397.481
Albayrak Holding	1.159	--	--
Ereğli Tekstil (*)	--	41.259.932	--
Albayrak İnşaat (*)	--	13.202.266	--
Somali Liman	--	--	--
Varaka Kağıt (*)	--	11.255.057	--
Birlikte Dağıtım	--	--	77.476
Reklam Piri	--	--	43.500
Platform Turizm	--	--	28.570
<b>Total</b>	<b>2.591.245</b>	<b>65.717.255</b>	<b>4.407.098</b>

As of 31 December 2017 receivables and payables from the related parties are as follows:

31 December 2017	Receivables		Payables
	Current		Short Term
	Trading	Non-Trading	Trading
Kademe Atık	5.019.769	--	1.218.560
Somali Liman	2.044.568	--	--
Albayrak Private	719.492	--	--
Yeşil Adamlar	187.755	--	--
Sistemli Dağıtım	4.720	--	--
Albayrak Holding	1.159	--	--
Ereğli Tekstil (*)	--	1.308.214	2.360
Albil Merkezi Hizmetler	--	--	285.581
Albayrak İnşaat (*)	--	11.840.377	--
Birlikte Dağıtım	--	--	99.266
Birun Otelcilik	--	--	1.252
Reklam Piri	--	--	11.915
Platform Turizm	--	--	62.199
<b>Total</b>	<b>7.977.463</b>	<b>13.148.591</b>	<b>1.681.133</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 – 30 September 2018 and 1 January – 30 September 2017, purchases from related parties are as follows:

	1 January- 30 September 2018		1 January- 30 September 2017	
	Purchasing of goods and services	Other	Purchasing of goods and services	Other
Kademe Atık	32.809.650	460	1.458.429	153.842
Albil Merkezi Hizmetler	1.170.386	--	1.121.993	92.413
Birlikte Dağıtım	123.157	--	--	--
Platform	35.060	--	33.300	--
Reklam Piri	27.394	--	190.597	--
Albayrak Holding	--	1.004.403	--	852.180
Ereğli Tekstil	--	--	--	2.000
<b>Total</b>	<b>34.165.647</b>	<b>1.004.863</b>	<b>2.804.319</b>	<b>1.100.435</b>

***Sales and Income***

For the periods 1 January – 30 September 2018 and 1 January – 30 September 2017, sales to the related parties are as follows:

	1 January- 30 September 2018			1 January- 30 September 2017		
	Sales of goods and services	Interest	Other	Sales of goods and services	Interest	Other
Kademe Atık	4.105.229	--	222.881	3.927.767	115.645	967.811
Birun Otelcilik	106.944	--	--	--	--	--
Bayfa Geri Dönüşüm	95.000	--	--	170.861	--	--
Sistemli Dağıtım	77.483	--	39.600	--	--	24.000
Yeşil Adamlar	27.972	--	--	--	--	--
Albayrak Private	3.589	--	--	158.519	--	6.190
Ereğli Tekstil	--	1.514.203	4.141.518	--	973.332	29.607
Albayrak İnşaat	--	1.616.202	357.297	--	539.248	--
Somali Limanı	--	--	--	362.285	--	--
Varaka Kağıt	--	448.035	455.443	70.781	--	--
<b>Total</b>	<b>4.416.217</b>	<b>3.578.440</b>	<b>5.216.739</b>	<b>4.690.213</b>	<b>1.628.225</b>	<b>1.027.608</b>

***Benefits for Top Management***

For the period ended 30 September 2018 benefits paid to top management amounts to TL 981.229 (30 September 2017: TL 745.010).

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**4 Cash and Cash Equivalents**

As of 30 September 2018, and 31 December 2017, cash and cash equivalents are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Cash on hands	9.206	6.515
Banks		
<i>-Demand deposit</i>	6.126.352	916.086
<b>Total</b>	<b>6.135.558</b>	<b>922.601</b>

As at 30 September 2018 and 31 December 2017, there is no account under any blockage or pledge.

**5 Financial Investments**

As of 30 September 2018, and 31 December 2017, financial investments are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Bonds (*)	5.422.841	5.431.136
Stocks	58.921	59.428
<b>Total</b>	<b>5.481.762</b>	<b>5.490.564</b>

(\*) As of 30 September 2018, financial investments comprised bonds which are issued by Ereğli Tekstil. The Group accounted these related bonds as assets held to maturity. The bonds' nominal values are TL 5.200.000 and amortized cost is TL 5.422.841 (31 December 2017: nominal value TL 5.400.000, amortized cost TL 5.431.136).

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**6 Financial Borrowings**

As of 30 September 2018, and 31 December 2017, financial borrowings are as follows:

	30 September 2018	31 December 2017
<b>Short-Term Borrowings</b>		
Short-Term Borrowings	136.231.847	28.084.980
Short-Term Portion of Long Term Borrowings	2.361.574	2.783.831
<b>Total</b>	<b>138.593.421</b>	<b>30.868.811</b>
<b>Long-Term Borrowings</b>		
Bank Loans	898.813	--
<b>Total</b>	<b>898.813</b>	<b>--</b>

**Bank Loans**

	30 September 2018		31 December 2017	
	Effective Int. Rate %	TL Amount	Effective Int. Rate %	TL Amount
<b>Short-Term Borrowings</b>				
- TL	16,55-17,90%	136.231.847	15,00-17,50%	28.084.980
<b>Short-Term Portion of Long-Term Borrowings</b>				
- TL	16,75%	2.361.574	15,50-16,50%	2.783.831
<b>Long-Term Borrowings</b>				
- TL	16,75%	898.813	--	--
<b>Total Borrowings</b>		<b>139.492.234</b>		<b>30.868.811</b>

As of 30 September 2018, The Group has provided TL 12 million real estate mortgages and TL 69.290.149 customer cheques for the borrowings (31 December 2017, TL 12 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 30 September 2018, and 31 December 2017, short-term trade receivables from non-related parties are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Customer Current Account	76.670.708	40.310.658
Notes Receivables and Cheques	71.637.178	46.339.307
Direct Debiting System Receivables	11.277.682	43.092.163
Allowance for Doubtful Receivables (-)(*)	(5.981.380)	(4.687.992)
<b>Total</b>	<b>153.604.188</b>	<b>125.054.136</b>

(\*)The movement table of the Group for the doubtful trade receivables provision is as follows:

	<b>1 January- 30 September 2018</b>	<b>1 January- 30 September 2017</b>
Balance at 1 January	(4.687.992)	(2.807.034)
Current Period Charge	(1.293.388)	231.811
<b>Balance at 30 September</b>	<b>(5.981.380)</b>	<b>2.575.223</b>

***Short-Term Trade Payables***

As of 30 September 2018, and 31 December 2017, short-term trade payables from non-related parties are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Supplier Current Accounts	73.507.556	47.557.164
Notes Payables	28.632.663	26.300.847
Other	49.053	25.916
<b>Total</b>	<b>102.189.272</b>	<b>73.883.927</b>



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**8 Other Receivables and Payables**

*Other Short-Term Receivables*

As of 30 September 2018, and 31 December 2017, other short-term trade receivables from non-related parties are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Tax Receivables	6.255.930	1.518.468
Others	329.453	172.679
<b>Total</b>	<b>6.585.383</b>	<b>1.691.147</b>

*Short-Term Other Payables*

As of 30 September 2018, and 31 December 2017, other short-term payables from non-related parties are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Deposit and Guarantees	3.556.900	3.926.900
Tax Payables	204.962	595.602
Others	52.196	21.747
<b>Total</b>	<b>3.814.058</b>	<b>4.544.249</b>

**9 Inventories**

As of 30 September 2018, and 31 December 2017; details of Inventories are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Materials and Spare Parts	91.971.838	70.638.164
Finished Goods	39.070.446	19.974.346
Goods in Transit	9.173.846	6.923.151
Work in Progress	11.297.889	6.880.751
Other Inventories	661.569	546.498
Merchandise	538.602	517.417
Provision for Impairment (-)	(1.875.658)	(1.875.658)
<b>Total</b>	<b>150.838.532</b>	<b>103.604.669</b>

## 10 Prepaid Expenses and Deferred Income

### Prepaid Expenses

#### *Short-Term Prepaid Expenses*

As of 30 September 2018, and 31 December 2017, prepaid expenses from non-related parties in non-current assets are as follows:

	30 September 2018	31 December 2017
Advances Given	9.321.855	7.403.872
Prepaid Expenses	1.147.083	694.636
Job Advances	236.540	342.499
<b>Total</b>	<b>10.705.478</b>	<b>8.441.007</b>

### Deferred Income

#### *Short-Term Deferred Income*

As of 30 September 2018, and 31 December 2017, deferred income from non-related parties are as follows:

	30 September 2018	31 December 2017
Advances Received	1.361.290	7.950.474
<b>Total</b>	<b>1.361.290</b>	<b>7.950.474</b>

## 11 Investment Property

A For the ended 30 September 2018 and 2017, investment properties are as follows:

	1 January- 30 September 2018	1 January- 30 September 2017
<b>Net Carrying Value</b>		
Balance at 1 January	1.920.218	1.967.695
Current Period Depreciation Charge	(35.608)	(35.608)
<b>30 September, Net Carrying Value</b>	<b>1.884.610</b>	<b>1.932.087</b>
Cost	2.373.804	2.373.804
Accumulated Depreciation	(489.194)	(441.717)
<b>30 September, Net Carrying Value</b>	<b>1.884.610</b>	<b>1.932.087</b>

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**12 Property, Plant and Equipment**

For the period ended 30 September 2018 and 2017, property, plant and equipment are as follows:

	<b>1 January- 30 September 2018</b>	<b>1 January- 30 September 2017</b>
<b>Net Carrying Value</b>		
Balance 1 at January	259.586.304	106.477.847
Additions	11.085.065	10.936.542
Disposals	(289.036)	(397.515)
Current Period Depreciation Charge	(8.567.948)	(9.363.815)
<b>30 September, Net Carrying Value</b>	<b>261.814.385</b>	<b>107.653.059</b>
Cost	337.534.808	176.329.468
Accumulated Depreciation	(75.699.690)	(68.676.409)
<b>30 September, Net Carrying Value</b>	<b>261.835.118</b>	<b>107.653.059</b>

The Group has provided TL 12 million real estate mortgages (31 December 2017: TL 12 million real estate mortgages).

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**13 Intangible Assets**

Intangible assets consist of research and developments, rights and licenses, and accumulated depreciation. For the period ended 30 September 2018 and 2017, movement of intangible assets are as follows:

	<b>1 January- 30 September 2018</b>	<b>1 January- 30 September 2017</b>
<b>Net Carrying Value</b>		
Balance at 1 January	18.813.898	38.201.634
Additions	713.341	2.784.298
Disposals	--	(13.333.404)
Current Period Amortization Charge	(7.028.173)	(6.658.485)
<b>30 September, Net Carrying Value</b>	<b>12.499.066</b>	<b>20.994.043</b>
Cost	43.677.733	42.818.306
Accumulated Amortization	(31.178.667)	(21.824.263)
<b>30 September, Net Carrying Value</b>	<b>12.499.066</b>	<b>20.994.043</b>

There is no security or mortgage on the intangible assets of the Group.

(\* ) On 7 October 2015, the Company signed the Agreement of Technical Support Provider (“TSP”) with AVL List GmbH (“AVL”) within the scope of Development Project on Power Group of Altay Tank Project in accordance agreement between Under-Secretariat for Defense Industries (“UDI” or “Savunma Sanayi Müsteşerliği”).

Until 24 February 2017, request by the Company regarding the amendments, because of force majors, has been negotiated with UDI. However, since UDI has declared that changing in the conditions of the agreement is not possible in accordance with legal requirements, Agreement of Design and Development Part (First Part) on Development Project on Power Group, which has been signed on 17 March 2015, has been mutually canceled by the Company and UDI. This cancellation has not resulted in any fine or penalty and letters of guarantee provided has been returned to the Company.

As at 30 September 2017, the Company evaluated the recognized intangible assets (developing expenses) amounting to TL 13.333.404 within the scope of TAS 38 “Intangible Assets” and TAS 36 “Impairment on Assets and decided to recognize impairment on these assets.

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**14 Provisions, Contingent Assets and Liabilities**

**a) Provisions**

For the period ended 30 September 2018 and 2017, Provisions, Contingent Assets and Liabilities are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Warranty Provisions	8.923.360	8.923.360
Provision for Litigation(*)	56.858	477.475
<b>Total</b>	<b>8.980.218</b>	<b>9.400.835</b>

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

	<b>1 January- 30 September 2018</b>	<b>1 January- 30 September 2017</b>
Balance at 1 January	477.475	483.706
Current Period Charge	(420.617)	338.920
<b>Total</b>	<b>56.858</b>	<b>822.626</b>

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

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

As of 30 September 2018, and 31 December 2017 the Group’s guarantee/pledge/mortgage positions are as follows:

<b>Collaterals given by Group (TL Equivalents)</b>	<b>30 September 2018</b>	<b>31 December 2017</b>
A. The total amount of collaterals given on behalf of its own legal entity.	102.660.762	24.890.837
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. (*)	825.902.908	811.680.739
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>928.563.670</b>	<b>836.571.576</b>

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

	<b>30 September 2018</b>	<b>31 December 2017</b>
Turkish Lira	927.009.894	836.544.252
USD	163.676	27.324
EURO	1.390.100	--
<b>Total</b>	<b>928.563.670</b>	<b>836.571.576</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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**15 Employee Benefits**

**Payables Related to the Employee Benefits**

As of 30 September 2018, and 31 December 2017, Payables Related to the Employee Benefits are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Wages and Salaries	1.876.767	1.133.453
Social Security Withholdings Payable	2.017.731	1.547.717
Staff Payroll Taxes	517.542	634.337
<b>Total</b>	<b>4.412.040</b>	<b>3.315.507</b>

**Short-Term Provisions for Employee Benefits**

As of 30 September 2018, and 31 December 2017, Short-Term Provisions for Employee Benefits are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Provision for Unused Vacation	1.332.540	1.330.687
<b>Total</b>	<b>1.332.540</b>	<b>1.330.687</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>30 September 2018</b>	<b>31 December 2017</b>
Provision for Employment Termination Benefits	3.066.124	3.244.272
<b>Total</b>	<b>3.066.124</b>	<b>3.244.272</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 30 September 2018, it is maximum TL 5.434 (31 December 2017: TL 4.732).

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>30 September 2018</b>	<b>31 December 2017</b>
Interest rate	18%	12,00%
The estimated wage increase rate	12,25%	7,00%
Net discount rate	5,12%	4,67%

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 30 September 2018, 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 30 September 2018 and 2017, Employee Termination Benefits Provisions are as follows:

	<b>1 January- 30 September 2018</b>	<b>1 January- 30 September 2017</b>
<b>Balance at 1 January</b>	<b>3.244.272</b>	<b>3.036.169</b>
Cost of Services	374.804	431.121
Interest Expense	413.927	272.600
Actuarial Gain/Loss	(270.849)	(287.389)
Paid	(696.030)	(34.146)
<b>Balance at 30 September</b>	<b>3.066.124</b>	<b>3.418.355</b>



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**16 Other Asset and Liabilities**

As of 30 September 2018, and 31 December 2017, Other Assets are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
VAT	13.038.578	27.501.147
Other	21.004	26.635
<b>Total</b>	<b>13.059.582</b>	<b>27.527.782</b>

**17 Shareholders’ Equity**

**Paid-in Share Capital**

As of 30 September 2018, and 31 December 2017, the shareholders and paid-in capital are as follows:

	<b>30 September 2018</b>		<b>31 December 2017</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	10,44%	12.000.000	10,44%	12.000.000
Listed shores	28,69%	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 30 September 2018 and comprises of 115.000.000 shares with a nominal value of TL 115.000.000 and each one worth TL 1 (31 December 2017: Capital: TL 115.000.000, each one with a value of TL 1, a total of 115.000.000 shares).

(\*) Based on, 4.285.492 shares were sold on initial public offering were repurchased by the Company on 15 March 2018 from the shares purchased by Ereğli Tekstil’s based on 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 2018, and 31 December 2017, other comprehensive income not to be reclassified to profit or loss are as follows:

*Actuarial Gain*

	30 September 2018	31 December 2017
Actuarial Gain Arising from Defined Benefits Plan	968.064	756.802
<b>Total</b>	<b>968.064</b>	<b>756.802</b>

*Revaluation Reserves for the Fixed Assets*

	30 September 2018	31 December 2017
Revaluation Gain	191.960.758	191.960.758
Tax Effect	(19.196.076)	(19.196.076)
<b>Total</b>	<b>172.764.682</b>	<b>172.764.682</b>

**18 Sales and Cost of Sales**

Sales and Cost of Sales for the period ended 30 September 2018 and 2017 are as follows:

	1 January- 30 September 2018	1 July- 30 September 2018	1 July - 30 September 2017	1 July - 30 September 2017
Domestic Sales	326.161.917	108.547.561	411.773.134	134.050.090
Foreign Sales	9.455.060	2.130.138	8.818.513	2.507.860
Other Income	650.440	409.138	641.321	55.670
<b>Gross Sales</b>	<b>336.267.417</b>	<b>111.086.837</b>	<b>421.232.968</b>	<b>136.613.620</b>
Discount and Returns	(2.821.307)	(1.121.800)	(1.517.391)	(678.961)
<b>Net Sales</b>	<b>333.446.110</b>	<b>109.965.037</b>	<b>419.715.577</b>	<b>135.934.659</b>
Cost of Sales(-)	(278.576.392)	(89.968.760)	(355.582.376)	(115.093.176)
<b>Gross Profit</b>	<b>54.869.718</b>	<b>19.996.277</b>	<b>64.133.201</b>	<b>20.841.483</b>

The Distribution of sales by products groups are as follows:

	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Tractor Sales	300.662.110	99.804.232	379.116.335	119.151.252
Spare Part Sales	20.672.854	6.795.676	21.465.185	8.878.786
Ensign Sales	5.427.929	1.561.492	4.131.497	1.293.914
Agriculture Machine Sales	3.519.907	1.184.351	4.438.850	1.464.574
Equipment Sales	2.645.554	592.948	1.551.611	437.024
Work Machine Sales	201.307	21.965	844.470	193.768
Other Sales	316.449	4.373	8.167.629	4.515.341
<b>Total</b>	<b>333.446.110</b>	<b>109.965.037</b>	<b>419.715.577</b>	<b>135.934.659</b>

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**19 Operating Expenses**

Operating expenses for the period ended 30 September 2018 and 2017 are as follows:

	<b>1 January- 30 September 2018</b>	<b>1 July- 30 September 2018</b>	<b>1 January- 30 September 2017</b>	<b>1 July- 30 September 2017</b>
Marketing Expenses	30.021.146	9.562.028	40.054.288	12.783.215
General and Administrative Expenses	13.595.637	2.417.929	14.065.157	4.760.764
Research and Development Expenses	15.182.983	7.734.411	22.201.594	2.253.154
<b>Total</b>	<b>58.799.766</b>	<b>19.714.368</b>	<b>76.321.039</b>	<b>19.797.133</b>

**20 Taxation**

**Tax expenses**

Tax expenses for the period ended 30 September 2018 and 2017 are as follows:

	<b>1 January- 30 September 2018</b>	<b>1 January- 30 September 2017</b>
<b><u>Income Tax Expense Recognized in Profit or Loss</u></b>		
Current Tax Expense	--	(174.235)
<b><u>Deferred Tax Income/ (Expense)</u></b>		
Arising from Tax Losses Carried Forward	4.743.868	1.371.725
Arising from Temporary Differences	(1.079.448)	298.804
	<b>3.664.420</b>	<b>1.496.294</b>
<b><u>Recognized in Other Comprehensive Income</u></b>		
<b>Deferred Tax Income/(Expense):</b>		
Tax Effects of Actuarial Differences	(59.587)	(57.478)
	<b>(59.587)</b>	<b>(57.478)</b>
<b>Total Tax Effect Income/ (Expense)</b>	<b>3.604.833</b>	<b>1.438.816</b>

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**20 Taxation (continued)**

**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 30 September 2018 and 2017. Related reconciliation details are as follows:

		<b>1 January- 30 September 2018</b>		<b>1 January- 30 September 2017</b>	
Profit/ (Loss) for the Period		(12.843.026)		(7.107.289)	
Less: Current Period Tax Income/Expense		3.664.420		1.496.294	
<b>Loss Before Tax</b>	<b>%</b>	<b>(16.507.446)</b>	<b>%</b>	<b>(8.603.583)</b>	
Calculated Corporate Tax Via Statutory Rate	22%	3.631.638	20%	1.720.717	
Non-Deductible Expenses	--	(61.950)	(3)%	(251.930)	
Other	--	94.732	--	27.507	
<b>Total tax income/(expense) recognized in profit or loss</b>	<b>22%</b>	<b>3.664.420</b>	<b>17%</b>	<b>1.496.294</b>	

**Deferred Tax**

**Deferred Tax Asset/Liabilities**

Deferred tax asset and liabilities for the period ended 30 September 2018 and 2017 are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Deferred Tax Asset	160.662	105.957
Deferred Tax Liabilities	(11.212.521)	(14.762.649)
<b>Balance at 30 September</b>	<b>(11.051.859)</b>	<b>(14.656.692)</b>

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

	<b>1 January- 30 September 2018</b>	<b>1 January- 30 September 2017</b>
Balance at 1 January	(14.656.692)	(77.919)
Recognized in Profit or Loss	3.664.420	1.670.529
Recognized in Other Comprehensive Income	(59.587)	(57.478)
<b>Balance at 30 September</b>	<b>(11.051.859)</b>	<b>1.535.132</b>

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## **21 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- 30 September 2018</b>	<b>1 January- 30 September 2017</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	(12.843.026)	(7.107.289)
<b>Earnings per share (TL)</b>	<b>(0,1117)</b>	<b>(0,0618)</b>

## **22 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:

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**22 Financial Instrumentes-Risk Management and Fair Value (continued)**

**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.

**(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 30 September 2018, the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	30 September 2018			
	TL Equivalent	USD	EURO	GBP
1. Trade receivables	5.902.199	169.401	703.180	
2a. Monetary assets (Including cash on hands and banks)	252.963	15	36.382	
2b. Non-monetary financial assets	3.598.964	14.850	505.001	
3. Other	406.786	--	--	52.099
<b>4. Current Assets (1+2+3)</b>	<b>10.160.912</b>	<b>184.266</b>	<b>1.244.563</b>	<b>52.099</b>
5. Trade receivables	6.755.886	--	972.000	--
6a. Monetary assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-Current Assets (5+6+7)</b>	<b>6.755.886</b>	<b>--</b>	<b>972.000</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>16.916.798</b>	<b>184.266</b>	<b>2.216.563</b>	<b>52.099</b>
10. Trade payables	17.876.742	874.150	1.818.633	
11. Financial liabilities	--	--	--	--
12a. Other monetary financial liabilities	--	--	--	--
12b. Other non-monetary financial liabilities	--	--	--	--
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>17.876.742</b>	<b>874.150</b>	<b>1.818.633</b>	<b>--</b>
14. Trade Payables	6.755.886	--	972.000	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
<b>17. Long-Term Liabilities (14+15+16)</b>	<b>6.755.886</b>	<b>--</b>	<b>972.000</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>24.632.628</b>	<b>874.150</b>	<b>2.790.633</b>	<b>--</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>(7.715.830)</b>	<b>(689.884)</b>	<b>(574.070)</b>	<b>52.099</b>
<b>21. Net foreign currency asset/ liability position of non-monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(11.721.580)</b>	<b>(704.734)</b>	<b>(1.079.071)</b>	<b>--</b>
22. Fair value of foreign currency hedged financial assets	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--

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

**Market Risk (continued)**

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

As of 31 December 2017, the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	31 December 2017			
	TL Equivalent	USD	EURO	GBP
1. Trade receivables	13.810.819	478.403	2.658.915	--
2a. Monetary assets (Including cash on hands and banks)	35.916	12	7.944	--
2b. Non-monetary financial assets	372.749	14.850	12.539	51.201
3. Other	6.211	759	269	420
<b>4. Current Assets (1+2+3)</b>	<b>14.225.695</b>	<b>494.024</b>	<b>2.679.667</b>	<b>51.621</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>14.225.695</b>	<b>494.024</b>	<b>2.679.667</b>	<b>51.621</b>
10. Trade payables	9.500.286	609.842	1.594.513	--
11. Financial liabilities	--	--	--	--
12a. Other monetary financial liabilities	651.361	--	144.250	--
12b. Other non-monetary financial liabilities	7.822.309	--	1.732.324	--
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>17.973.956</b>	<b>609.842</b>	<b>3.471.087</b>	<b>--</b>
14. Trade payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
<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>17.973.956</b>	<b>609.842</b>	<b>3.471.087</b>	<b>--</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>(3.748.261)</b>	<b>(115.818)</b>	<b>(791.420)</b>	<b>51.621</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)	3.695.088	(131.427)	928.096	--
22. Fair value of foreign currency hedged financial assets	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--

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**22 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 30 September 2018 and 31 December 2017 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>30 September 2018</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	(422.150)	422.150
2- Part of hedged from USD risk (-)	--	--
<b>3- USD net effect (1+2)</b>	<b>(422.150)</b>	<b>422.150</b>
In the case of appreciation of EUR at 10% ratio compared to TL		
4- EUR net asset / liability	(750.008)	750.008
5- Part of hedged from EUR risk (-)	--	--
<b>6- EUR net effect (4+5)</b>	<b>(750.008)</b>	<b>750.008</b>
<b>Total (3+6)</b>	<b>(1.172.158)</b>	<b>1.172.158</b>



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

**Market Risk (continued)**

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

*Currency Sensitivity (continued)*

31 December 2017		
	Profit/(Loss)	
	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	(49.573)	49.573
2- Part of hedged from USD risk (-)	--	--
<b>3- USD net effect (1+2)</b>	<b>(49.573)</b>	<b>49.573</b>
In the case of appreciation of EUR at 10% ratio compared to TL		
4- EUR net asset / liability	419.082	(419.082)
5- Part of hedged from EUR risk (-)	--	--
<b>6- EUR net effect (4+5)</b>	<b>419.082</b>	<b>(419.082)</b>
<b>TOTAL (3+6p)</b>	<b>369.509</b>	<b>(369.509)</b>

**23 Subsequent Events**

No events.