

**DOĐUŐ OTOMOTİV SERVİS VE TİCARET A.Ő.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 WITH  
INDEPENDENT AUDITOR'S REPORT THEREON  
(Originally issued in Turkish)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF INTERIM CONDENSED  
CONSOLIDATED FINANCIAL INFORMATION**

To the General Assembly of Dođuş Otomotiv Servis ve Ticaret A.Ş.

*Introduction*

1. We have reviewed the accompanying condensed balance sheet of Dođuş Otomotiv Servis ve Ticaret A.Ş. (the "Company"), its subsidiaries and its joint ventures ("collectively referred as the "Group") as at 30 September 2019, the condensed consolidated statement of income, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of changes in equity, condensed consolidated cash flows and other explanatory notes for the nine-month period then ended ("interim condensed consolidated financial information"). The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

*Scope of review*

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

*Conclusion*

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information of the Group is not prepared, in all material respects, in accordance with TAS 34.



*Other matter*

4. The consolidated financial statements of the Group as of 31 December 2018 and for the year then ended were audited and the condensed consolidated interim financial information as of 30 September 2018 and for the nine-month period then ended were reviewed by another audit firm whose audit report dated 14 February 2019 expressed an unqualified opinion and whose review report dated 8 November 2018 expressed a conclusion that no material non-compliance with respect to TAS 34 has come to their attention.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Cihan Harman, SMMM  
Partner

İstanbul, 11 November 2019

**DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2019 AND 31 DECEMBER 2018**

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

		<u>Reviewed</u> <u>30 September</u> <u>2019</u>	<u>Audited</u> <u>31 December</u> <u>2018</u>
	<u>Notes</u>		
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	772,214	365,892
Trade receivables		621,758	643,538
Trade receivables due from related parties	23.1	427,219	387,259
Trade receivables due from third parties		194,539	256,279
Other receivables		141,838	322,976
Other receivables due from related parties	23.1	5,959	-
Other receivables due from third parties	9	135,879	322,976
Inventories	10	1,580,494	1,365,896
Prepayments	15.1	42,435	25,953
Current tax assets	21	8,739	35,178
Other current assets	15.4	2,147	57,710
<b>Total current assets</b>		<b>3,169,625</b>	<b>2,817,143</b>
<b>NON-CURRENT ASSETS</b>			
Financial investments		589,522	567,259
Financial assets measured at fair value through other comprehensive income	6	589,522	567,259
Other receivables		3,834	679
Other receivables due from related parties	23.1	43	-
Other receivables due from third parties		3,791	679
Investments accounted for using equity method	11	429,677	374,659
Investment property	13	20,472	20,853
Property, plant and equipment	12	931,295	982,378
Right of use assets	25	118,160	-
Intangible assets		32,838	35,354
Prepayments	15.2	1,835	337
Deffered tax assets	21	24,547	-
<b>Total non-current assets</b>		<b>2,152,180</b>	<b>1,981,519</b>
<b>TOTAL ASSETS</b>		<b>5,321,805</b>	<b>4,798,662</b>

Accompanying notes are an integral part of these condensed consolidated interim financial statements.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

		<u>Reviewed</u>	<u>Audited</u>
		<u>30 September</u>	<u>31 December</u>
	<u>Notes</u>	<u>2019</u>	<u>2018</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Current borrowings	7	2,690,288	2,650,665
Trade payables		972,706	554,172
Trade payables to related parties	23.4	59,178	119,587
Trade payables to third parties	8.2	913,528	434,585
Employee benefit obligations		10,078	18,760
Deferred income	15.3	30,592	18,325
Current tax liabilities	21	-	3,235
Current provisions		38,595	44,104
Other current provisions	14.1	38,595	44,104
Other current liabilities	16	75,988	73,884
<b>Total current liabilities</b>		<b>3,818,247</b>	<b>3,363,145</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	7	95,250	60,000
Deferred income	15.3	7,395	2,489
Non-current provisions		72,607	63,158
Non-current provisions for employee benefits		47,815	39,152
Other long-term provisions		24,792	24,006
Deferred tax liabilities	21	1,248	1,998
Other non-current liabilities		1,072	-
<b>Total non-current liabilities</b>		<b>177,572</b>	<b>127,645</b>
<b>TOTAL LIABILITIES</b>		<b>3,995,819</b>	<b>3,490,790</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>		<b>1,319,090</b>	<b>1,301,564</b>
Issued capital	17	220,000	220,000
Inflation adjustment on capital	17	23,115	23,115
Treasury shares (-)		(220,288)	(220,288)
<i>Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss</i>		<i>(23,075)</i>	<i>(20,519)</i>
Gains (losses) on revaluation and remeasurement		(23,075)	(20,519)
Gains (losses) on remeasurements of defined benefit plans		(23,075)	(20,519)
<i>Other accumulated comprehensive income (loss) that will be reclassified in profit or loss</i>		<i>511,058</i>	<i>488,163</i>
Exchange differences on translation	17	1,950	1,473
Gains (losses) on revaluation and reclassification		509,108	486,690
Gains (losses) from financial assets measured at fair value through other comprehensive income	17	509,108	486,690
Restricted reserves appropriated from profits	17	461,831	460,402
Legal reserves		171,848	170,419
Treasury share reserves		220,288	220,288
Other restricted profit reserves		69,695	69,695
Prior years' profit or losses	17	349,262	217,534
Profit (loss) for the period		(2,813)	133,157
<b>Non-controlling interests</b>		<b>6,896</b>	<b>6,308</b>
<b>TOTAL EQUITY</b>		<b>1,325,986</b>	<b>1,307,872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,321,805</b>	<b>4,798,662</b>

Accompanying notes are an integral part of these condensed consolidated interim financial statements.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONDENSED CONSOLIDATED INTERIM PROFIT OR LOSS STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

		Reviewed	Reviewed	Reviewed	Reviewed
		For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
<b>PROFIT OR LOSS</b>					
Revenue		6,122,254	7,767,988	2,155,790	1,998,643
Cost of sales		(5,264,453)	(6,826,625)	(1,847,852)	(1,706,218)
<b>GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS</b>		<b>857,801</b>	<b>941,363</b>	<b>307,938</b>	<b>292,425</b>
<b>GROSS PROFIT (LOSS)</b>		<b>857,801</b>	<b>941,363</b>	<b>307,938</b>	<b>292,425</b>
General administrative expenses	18.2	(322,387)	(290,857)	(108,061)	(97,078)
Marketing expenses	18.1	(243,351)	(274,874)	(89,565)	(88,032)
Other income from operating activities		68,736	169,986	14,288	100,308
Other expenses from operating activities		(75,330)	(61,351)	(39,594)	(25,310)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>		<b>285,469</b>	<b>484,267</b>	<b>85,006</b>	<b>182,313</b>
Investment activity income	19	41,134	20,387	4,592	7,844
Share of profit (loss) from investments accounted for using equity method	11	82,542	19,255	61,720	(29,738)
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>		<b>409,145</b>	<b>523,909</b>	<b>151,318</b>	<b>160,419</b>
Financial income		58,258	10,707	8,966	4,148
Financial expense	20	(493,140)	(368,343)	(124,600)	(164,799)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX</b>		<b>(25,737)</b>	<b>166,273</b>	<b>35,684</b>	<b>(232)</b>
<b>Tax (expense) income, continuing operations</b>		<b>23,512</b>	<b>(37,678)</b>	<b>5,727</b>	<b>(8,456)</b>
Current period tax (expense) income	21	(2,258)	(41,390)	1,015	(10,214)
Deferred tax (expense) income	21	25,770	3,712	4,712	1,758
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>(2,225)</b>	<b>128,595</b>	<b>41,411</b>	<b>(8,688)</b>
<b>PERIOD PROFIT/ LOSS FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>1,816</b>	<b>-</b>	<b>1,568</b>
<b>PROFIT (LOSS)</b>		<b>(2,225)</b>	<b>130,411</b>	<b>41,411</b>	<b>(7,120)</b>
<b>Profit (loss), attributable to</b>					
Non-controlling interests		588	1,461	114	707
Owners of parent		(2,813)	128,950	41,297	(7,827)
<b>Basic earnings per share</b>					
Basic earnings(loss) per share from continuing operations	22	(0.0142)	0.6513	0.2086	(0.0395)
<b>Diluted earnings per share</b>					
Diluted earnings(loss) per share from continuing operations	22	(0.0142)	0.6513	0.2086	(0.0395)

Accompanying notes are an integral part of these condensed consolidated interim financial statements.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### CONDENSED CONSOLIDATED INTERIM OF OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

	Notes	Reviewed For the nine month period ended 30 September 2019	Reviewed For the nine month period ended 30 September 2018	Reviewed For the three month period ended 30 September 2019	Reviewed For the three month period ended 30 September 2018
<b>PROFIT (LOSS)</b>		(2,225)	130,411	41,411	(7,120)
<b>Other comprehensive income</b>					
<b>Other comprehensive income that will not be reclassified to profit or loss</b>		<b>(2,556)</b>	<b>(1,038)</b>	<b>(1,823)</b>	<b>(776)</b>
Gains (losses) on remeasurements of defined benefit plans		(3,196)	(1,298)	(2,278)	(971)
<i>Other comprehensive income that will not be reclassified to profit or loss, tax effect</i>		640	260	455	195
Gains (losses) on remeasurements of defined benefit plans, tax effect	21	640	260	455	195
<b>Other comprehensive income that will be reclassified to profit or loss</b>		<b>22,895</b>	<b>(9,742)</b>	<b>16,083</b>	<b>(6,106)</b>
Foreign currency translation differences		477	13,924	(65)	9,184
<i>Other comprehensive income (loss) related with financial assets measured at fair value through other comprehensive income</i>		22,263	(23,502)	16,036	(15,186)
<i>Gains (losses) on financial assets measured at fair value through other comprehensive income</i>	6	22,263	(23,502)	16,036	(15,186)
Share of other comprehensive income of associates and joint ventures accounted for equity method that will be reclassified to profit or loss	11	1,268	(1,339)	913	(865)
<i>Other comprehensive income that will be reclassified to profit or loss, tax effect</i>		(1,113)	1,175	(801)	761
Gains (losses) on remeasuring or reclassification on available-for-sale-financial assets, tax effect	21	(1,113)	1,175	(801)	761
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>20,339</b>	<b>(10,780)</b>	<b>14,260</b>	<b>(6,882)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>18,114</b>	<b>119,631</b>	<b>55,671</b>	<b>(14,002)</b>
<b>Total comprehensive income attributable to</b>					
Non-controlling interests		588	1,461	114	707
Owners of parent		17,526	118,170	55,557	(14,709)

Accompanying notes are an integral part of these condensed consolidated interim financial information.



**DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER**

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

	Issued capital (Note 17)	Inflation adjustments on capital (Note 17)	Treasury Shares (Note 17)	Accumulated other comprehensive income and expense that will not be reclassified through profit or loss	Accumulated other comprehensive income and expense that will be reclassified through profit or loss		Restricted Reserve (Note 17)	Accumulated earnings		Equity Attributable to equity holders of the Company	Non-controlling interests (Note 17)	Total Equity
				Gains / (losses) on remeasurements of defined benefit plans (Note 17)	Foreign currency translation difference (Note 17)	Gains / (Losses) on remeasuring of available-for-sale financial assets (Note 17)		Retained Earnings / (Accumulated Losses) (Note 17)	Net profit/loss for the period			
<b>Balance at 1 January 2018</b>	<b>220,000</b>	<b>23,115</b>	<b>(220,288)</b>	<b>(18,014)</b>	<b>12,085</b>	<b>498,792</b>	<b>446,297</b>	<b>177,117</b>	<b>183,232</b>	<b>1,322,336</b>	<b>5,109</b>	<b>1,327,445</b>
Transfers	-	-	-	-	-	-	14,105	169,127	(183,232)	-	-	-
<b>Total comprehensive income (loss)</b>	-	-	-	<b>(1,038)</b>	<b>13,924</b>	<b>(23,666)</b>	-	-	<b>128,950</b>	<b>118,170</b>	<b>1,461</b>	<b>119,631</b>
Profit (loss) for the period	-	-	-	-	-	-	-	-	128,950	128,950	1,461	130,411
Other comprehensive income (loss)	-	-	-	(1,038)	13,924	(23,666)	-	-	-	(10,780)	-	(10,780)
Dividends Paid	-	-	-	-	-	-	-	(143,000)	-	(143,000)	-	(143,000)
Acquisition or Disposal of a Subsidiary	-	-	-	-	-	-	-	5,969	-	5,969	-	5,969
Increase (decrease) through treasury share transactions	-	-	-	-	-	-	-	14,290	-	14,290	-	14,290
<b>Balance at 30 September 2018</b>	<b>220,000</b>	<b>23,115</b>	<b>(220,288)</b>	<b>(19,052)</b>	<b>26,009</b>	<b>475,126</b>	<b>460,402</b>	<b>223,503</b>	<b>128,950</b>	<b>1,317,765</b>	<b>6,570</b>	<b>1,324,335</b>
<b>Balance at 1 January 2019</b>	<b>220,000</b>	<b>23,115</b>	<b>(220,288)</b>	<b>(20,519)</b>	<b>1,473</b>	<b>486,690</b>	<b>460,402</b>	<b>217,534</b>	<b>133,157</b>	<b>1,301,564</b>	<b>6,308</b>	<b>1,307,872</b>
Transfers	-	-	-	-	-	-	1,429	131,728	(133,157)	-	-	-
<b>Total comprehensive income (loss)</b>	-	-	-	<b>(2,556)</b>	<b>477</b>	<b>22,418</b>	-	-	<b>(2,813)</b>	<b>17,526</b>	<b>588</b>	<b>18,114</b>
Profit (loss) for the period	-	-	-	-	-	-	-	-	(2,813)	(2,813)	588	(2,225)
Other comprehensive income (loss)	-	-	-	(2,556)	477	22,418	-	-	-	20,339	-	20,339
<b>Balance at 30 September 2019</b>	<b>220,000</b>	<b>23,115</b>	<b>(220,288)</b>	<b>(23,075)</b>	<b>1,950</b>	<b>509,108</b>	<b>461,831</b>	<b>349,262</b>	<b>(2,813)</b>	<b>1,319,090</b>	<b>6,896</b>	<b>1,325,986</b>

Accompanying notes are an integral part of these condensed consolidated interim financial information.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

	Notes	Reviewed	Reviewed
		30 September 2019	30 September 2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		<b>800,888</b>	<b>1,227,656</b>
<b>Profit (loss)</b>		<b>(2,225)</b>	<b>130,411</b>
Profit (loss) from continued operations		(2,225)	128,595
Profit (loss) from discontinued operations		-	1,816
<b>Adjustments to for profit (loss) for the period reconciliation:</b>		<b>481,801</b>	<b>508,615</b>
Adjustments for depreciation and amortization expense	18.2	96,935	61,164
Adjustments for (reversal of) impairment		1,810	3,929
Adjustments for (reversal of) impairment loss of receivables		860	240
Adjustments for (reversal of) impairment loss of inventories	10	950	3,689
Adjustments for provisions		158,387	106,107
Adjustments for provisions for employee benefits		8,794	8,152
Adjustments for (reversal of) lawsuit and/or penalty provision expenses		5,404	6,546
Adjustments for (reversal of) warranty provisions	18	103,396	66,125
Adjustments for (reversal of) other provisions	8.2	40,793	25,284
Adjustments for interest (income) and expense		355,643	308,703
Adjustments for interest income	20	(58,258)	(10,707)
Adjustments for interest expense	20	413,901	319,410
Adjustments for unrealized foreign exchange losses (gains)		16,214	30,473
Adjustments for undistributed profits of investments accounted for using equity method	11	(82,542)	(19,255)
Adjustments for tax (income) expenses	21	(23,512)	37,678
Adjustments for losses (gains) on disposal of non-current assets		(18,871)	(20,184)
Adjustments for losses (gains) on disposal of property, plant and equipment	19	(18,871)	(20,184)
Adjustments for losses (gains) on disposal of associates or joint ventures		(22,263)	-
<b>Changes in working capital</b>		<b>417,200</b>	<b>797,932</b>
Adjustments for decrease (increase) in trade receivables		20,903	1,126,523
Decrease (increase) in due from related parties		(39,960)	975,259
Decrease (increase) in due from third parties		60,863	151,264
Adjustments for decrease (increase) in inventories		(215,548)	(2,179,025)
Adjustments for increase (decrease) in trade payables		377,741	1,966,885
Increase (decrease) in due to related parties		(60,409)	(19,976)
Increase (decrease) in due to third parties		438,150	1,986,861
Increase (decrease) in deferred income		17,173	(9,954)
Adjustments for other increase (decrease) in working capital		216,931	(106,497)
<b>Cash flows from operations</b>		<b>896,776</b>	<b>1,436,958</b>
Payments related with provisions for employee benefits		(3,328)	(5,273)
Payments related with other provisions		(113,523)	(77,722)
Income taxes refund (paid)		20,946	(37,465)
Other cash inflows (outflows)		17	32
Net cash flows on discontinuing operations		-	(88,874)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>57,154</b>	<b>(128)</b>
Cash inflows caused by share sales or capital decrease of associates and/or joint ventures	11	-	1,223
Cash inflow by proceeds from sales of property, plant and equipment and intangible assets		40,355	48,668
Cash inflow by proceeds from sales of property, plant and equipment		40,355	48,668
Cash outflow by acquisition of property, plant and equipment and intangible assets		(34,256)	(101,013)
Cash outflow by acquisition of property, plant and equipment		(18,648)	(78,676)
Cash outflow by acquisition of intangible assets		(15,608)	(22,337)
Dividends received		51,055	50,814
Net Cash Flows from Discontinuing Operations		-	180
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(450,721)</b>	<b>(1,139,774)</b>
Proceeds from issuance of borrowings		1,671,358	2,070,880
Repayments of borrowings		(1,695,711)	(2,700,859)
Cash outflows on debt payments from leasing agreements		(70,228)	-
Dividends paid	17	-	(143,000)
Interest paid		(414,398)	(377,502)
Interest received		58,258	10,707
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE</b>		<b>407,321</b>	<b>87,754</b>
<b>EFFECT OF EXCHANGE RATE CHANGES (A+B+C)</b>		<b>(999)</b>	<b>(43,408)</b>
<b>D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(999)</b>	<b>(43,408)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>406,322</b>	<b>44,346</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>365,892</b>	<b>106,385</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	5	<b>772,214</b>	<b>150,731</b>

Accompanying notes are an integral part of these condensed consolidated interim financial statements.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Doğuş Otomotiv Servis ve Ticaret A.Ş. (“Doğuş Otomotiv” or the “Company”) was established on 24 November 1999 as a distributor of Volkswagen AG, and its activities include importing, marketing and selling automobiles and spare parts of Volkswagen Group brands (VW, Audi, Seat, Porsche, Bentley, Lamborghini, Bugatti and Scania, Scania Engines industrial and marine engine and, Thermoking climate control systems). The Company also operates in used car market across Turkey throughout its dealer network under the brand name “DOD”.

The shares of the Company have been publicly traded on Borsa İstanbul A.Ş. since 17 June 2004.

The Company’s subsidiaries as at 30 September 2019 are as follows:

- Doğuş Oto Pazarlama ve Ticaret A.Ş. (“Doğuş Oto Pazarlama”): The authorized dealer for group brands distributed by Doğuş Otomotiv and Yüce Auto Motorlu Araçlar Ticaret A.Ş.
- D-Auto Limited Liability Company (“Doğuş Auto Iraq”) has been founded in Iraq Erbil on 6 August 2013 to execute distribution services of Volkswagen and Audi brands.

The Company and its subsidiaries (together referred to as the “Group”) operate in a single business segment.

The Company and Doğuş Oto Pazarlama are registered and operate in Turkey at the following address:

Maslak Mah. Ahi Evran Cad. No.4 İç Kapı No. 13

Sarıyer, İstanbul, Türkiye.

Doğuş Auto Iraq is registered in Iraq and located at the address below:

Doktorlar Cad. Şirin Palas Otel Karşısı, Erbil/Iraq.

The average number of blue-collar employees of the Group for the period ended 30 September 2019 is 832 (31 December 2018: 907) whereas the average number of white-collar employees of the Group for the period ended 30 September 2019 is 1,450 (31 December 2018: 1,784).

#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES

##### 2.1 Basis of Presentation of Condensed Consolidated Interim Financial Statements

###### (i) Statement of Compliance to TAS

The accompanying consolidated financial statements are based in accordance with Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board (“CMB”) dated 13 June 2013 related to “Capital Market Communiqué on Principles Regarding Financial Reporting” (“Communiqué”) which is published in official gazette, no 28676. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”), appendixes and interpretations. Additionally, the accompanying consolidated financial statements are presented in accordance with TAS taxonomy issued by POA on 15 April 2019.

## DOĐUŐ OTOMOTİV SERVİS VE TİCARET A.Ő.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

##### 2.1 Basis of Presentation of Condensed Consolidated Interim Financial Statements (Continued)

###### (ii) *Preparation and approval of financial statements*

The condensed consolidated interim financial statements of the Group as at 30 September 2019 have been approved by the Board of Directors on 11 November 2019. The legal authorities of the General Assembly of the Company have the right to modify the issued financial statements.

###### (iii) *Correction on financial statements during hyperinflationary periods*

With the resolution taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of TAS 29 “Financial Reporting in Hyperinflationary Economies” issued by TASB is no longer required for companies operating in Turkey. Accordingly, effective from 1 January 2005, TAS 29 did not applied in preparing the Group’s consolidated financial statements in accordance with CMB Financial Reporting Standards.

###### (iv) *Basis of measurement*

The condensed consolidated interim financial statements have been prepared based on the historical cost, except for the financial assets measured at fair value through other comprehensive income that measured at fair value.

###### (v) *Functional and Presentation Currency*

Items included in the financial statements of subsidiaries, joint ventures and associates presented in the functional currencies in their primary economic environments in which they maintain their operations. The condensed consolidated interim financial statements are presented in TL, which is DoĐuŐ Otomotiv’s functional and presentation currency.

The Company and its affiliates registered in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira (“TL”) in accordance with the Turkish Commercial Code, tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The affiliate in Iraq maintains its books of account and prepares its statutory financial statements in Iraqi Dinar (“IQD”) in accordance with the laws and regulations in force in Iraq.

##### 2.2 Amendments and interpretations in the TAS/IFRS

###### **The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the condensed consolidated interim financial statements as at 30 September 2019 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2019. The effects of these standards and interpretations on the Group’s financial position and performance has disclosed in the related paragraphs.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

##### 2.2 Amendments and interpretations in the TAS/IFRS (Continued)

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

**Amendment to IFRS 9, ‘Financial instruments’;** effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The standard did not have an impact on the financial position or performance of the Group.

**Amendment to IAS 28, ‘Investments in associates and joint venture’;** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. The standard is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

**IFRS 16, ‘Leases’;** effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15 ‘Revenue from Contracts with Customers’ is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group explained the affect of first time adoption and the accounting policy under Not 2.6.

**IFRIC 23, ‘Uncertainty over income tax treatments’;** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

##### 2.2 Amendments and interpretations in the TAS/IFRS (Continued)

These amendments are applied for annual periods beginning on or after 1 January 2018. The standard is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

**Annual improvements 2015- 2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:**

- IFRS 3, ‘Business combinations’, – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, ‘Joint arrangements’, – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, ‘Income taxes’ – a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, ‘Borrowing costs’ – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

These amendments are applied for annual periods beginning on or after 1 January 2018. The standard is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

**Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’;** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

- Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

These amendments are applied for annual periods beginning on or after 1 January 2018. The standard is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

The new standards, amendments and interpretations which are issued as of the approval date of the consolidated financial statements but which have not yet entered into force for the current reporting period neither early adopted are as follows. Unless otherwise is stated, the Group will make the necessary adjustments to its consolidated financial statements and notes after the new standards and interpretations become in effect.

**Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:

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

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

##### 2.2 Amendments and interpretations in the TAS/IFRS (Continued)

**Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

**IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

##### 2.3 Basis of Consolidation

###### (i) *Business Combinations*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquire; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

###### (ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If necessary, adjustments regarding accounting policies are made on subsidiaries financial statements in order to equalize accounting policies applied by the Group.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

##### 2.3 Basis of Consolidation (Continued)

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 acquirer'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. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

Losses of subsidiaries belongs to non-controlling interest shall be attribute to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a financial assets measured at fair value through other comprehensive income depending on the level of influence retained.

The table below sets out all the subsidiaries included in the scope of consolidation and shows the Group's share of control as at 30 September 2019 and 31 December 2018:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Doğuş Oto Pazarlama	96.20%	96.20%
D-Auto Limited Liability Company	100.00%	100.00%

##### (iii) Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation - When the Group has rights to the assets and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture - When the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The accompanying consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group.



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

##### 2.3 Basis of Consolidation (Continued)

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Joint ventures are recognized as investments measured through equity method. The table below sets out all joint ventures and the Group's share of control as at 30 September 2019 and 31 December 2018.

	<u>30 September 2019</u>	<u>31 December 2018</u>
TÜVTURK Kuzey Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. ("TÜVTURK Kuzey")	33.33%	33.33%
TÜVTURK Güney Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. ("TÜVTURK Güney")	33.33%	33.33%

##### (iv) Associates

Associates are those enterprises in which the Group has significant influence, but does not have control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

The table below sets out all the associates included in the scope of consolidation and shows the Group's share of control as at 30 September 2019 and 31 December 2018:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Yüce Auto Motorlu Araçlar Ticaret A.Ş. ("Yüce Auto") (*)	50.00%	50.00%
Doğuş Sigorta Aracılık Hizmetleri A.Ş. ("Doğuş Sigorta")	42.00%	42.00%
Volkswagen Doğuş Finansman A.Ş. ("VDF")	48.00%	48.00%
VDF Servis ve Ticaret A.Ş. ("VDF Servis")	38.22%	38.22%
Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş. ("Doğuş Teknoloji") (**)	21.765%	46.00%

(\*) Even though the Group has 50% interest in Yüce Auto (Distributor of Skoda), the Group only exercises a significant influence rather than control on the operations of Yüce Auto.

(\*\*) Doğuş Teknoloji has taken over the assets and liabilities of Doğuş Müşteri Sistemleri A.Ş. and as a result of this merger Group's share in this company has decreased.

## DOĐUŐ OTOMOTİV SERVİS VE TİCARET A.Ő.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

##### 2.3 Basis of Consolidation (Continued)

###### (v) *Transactions Eliminated in Consolidation*

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparation of 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. The carrying amount of DoĐuŐ Otomotiv’s investment in each subsidiary and dividend income from these subsidiaries are eliminated from the related equity and profit or loss statement accounts.

##### 2.4 Offsetting

Financial assets and financial liabilities should be offset and are reported net only when the entity has a legally enforceable right to offset, and it intends to settle the asset and the liability either simultaneously or on a net basis.

##### 2.5 Comparative Information

The Group has prepared the condensed consolidated interim statement of financial position as at 30 September 2019 comparatively with the consolidated statement of financial position as at 31 December 2018, and the condensed consolidated interim profit or loss statement, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statements of cash flows and changes in equity in the nine month period ended 30 September 2019 comparative to the nine month period ended 30 September 2018.

##### 2.6 Accounting Estimates

The significant accounting policies have been applied consistently by the Group during the preparation of the condensed consolidated interim financial statements as at and for the three months period ended 30 September 2019 with those consolidated financial statements for the year ended 31 December 2018. The condensed consolidated interim financial statements should be read together with the consolidated financial statements for the year ended 31 December 2018.

The Group has adopted TFRS 16 “Leases” as at 1 January 2019 for the first time, in line with the transition provisions of the standard.

Impacts of the first time adoption of TFRS 16 on the condensed interim consolidated financial statements of the Group are as below:

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

##### 2.6 Accounting Estimates (Continued)

##### IFRS 16 “Leases”

##### The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

##### *Right of use asset*

The right of use asset is initially recognized at cost comprising of:

- a) amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Group; and
- d) an estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

The Group re-measure the right of use asset:

- a) after netting-off depreciation and reducing impairment losses from right of use asset,
- b) adjusted for certain re-measurements of the lease liability recognized at the present value

The Group applies TMS16 “Property, Plant and Equipment” to amortize the right of use asset and to assess for any impairment. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

##### 2.6 Accounting Estimates (Continued)

##### IFRS 16 “Leases” (Continued)

Otherwise, The Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

##### Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) fixed payments, including in-substance fixed payments;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) the exercise price of purchase option if the Group is reasonably certain to exercise that option; and
- d) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After initial recognition, the lease liability is measured:

- a) increasing the carrying amount to reflect interest on lease liability
- b) reducing the carrying amount to reflect the lease payments made and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee’s incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Group remeasure the lease liability to reflect changes to the lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
- b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

##### 2.6 Accounting Estimates (Continued)

##### IFRS 16 “Leases” (Continued)

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee’s incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

- a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- b) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group account for a lease modification as a separate lease if both:

The Group determines its revised lease payments related to the remaining leasing period considering its payments related to the revised agreement. Under these circumstances, the Group uses an unadjusted interest rate.

The Group recognises the restructuring of the lease as a separate leasing if both of the following are met:

- a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

Leases with a lease term of 12 months or less and leases of low-value assets determined by the Group are evaluated in scope of the exemption of IFRS 16 and payments associated with those leases are recognised on a straight-line basis as an expense in profit or loss. Straight-line basis rent expense is amounting to TL 503 for the period ended 30 September 2019.

The Group has applied IFRS 16 “Leases”, which replaces TAS 17, for the effective period beginning on 1 January 2019. The cumulative impact of applying IFRS 16 is accounted in the condensed interim consolidated financial statements retrospectively (“cumulative impact approach”) at the start of the current accounting period. The simplified transition approach of the related standard does not require a restatement in the comparative periods or in the retained earnings.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

##### 2.6 Accounting Estimates (Continued)

##### First time adoption of TFRS 16 Leases

With the transition to TFRS 16 “Leases”, a “lease liability” is recognized in the condensed interim consolidated financial statements for the lease contracts which were previously measured under TAS 17 as operational leases. At transition, lease liabilities are measured at the net present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate on the effective transition date. The Group measured right-of-use assets at an amount equal to the lease liability (adjusted by the amount of any prepaid or accrued lease payments) under TFRS 16 simplified transition approach. As of 1 January 2019, the weighted average of the TL borrowing rates used by the Group is 25.68% and the weighted average of Euro borrowing rates is 5.57%.

The reconciliation of operating lease commitments under TAS 17 before the transition date and the lease liabilities measured under TFRS 16 as of 1 January 2019 is as below:

	<b>1 January 2019</b>
Operating lease commitments	153,870
- Short term leases (-)	(15)
- Low value leases (-)	-
- Contracts considered under service (-)	-
- Adjustments for extension or early termination options	98,588
<hr/>	
Total lease liabilities	252,443
<hr/>	
<b>Total lease liabilities within the scope of TFRS 16 (discounted with alternative borrowing rate)</b>	<b>147,642</b>
<hr/>	
- Short term lease liabilities	25,573
- Long term lease liabilities	122,069

##### *Extension and termination options*

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is a reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

#### NOTE 3 - JOINT VENTURES

The Group accounts for its interests in joint ventures indicated in Note 2.3 through equity method. Therefore, financial information regarding to aforementioned joint ventures are presented in Note 11 “Investments in Equity Accounted Investees”.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 4 - OPERATING SEGMENTS

Operating segments have been determined based on the reports reviewed by the steering committee that make strategic decisions.

Group management believes that risk and rewards of the Group is strictly related with the changes in automotive sector and determined the Group's primary segments according to product types. Group's operating activities include importing, marketing and selling passenger and commercial vehicles, spare parts of Volkswagen Group brands (VW, Audi, Seat, Porsche, Bentley, Lamborghini, Bugatti, Scania, Scania Engines industrial and marine engine and Thermoking climate control systems) and used car operations in Turkey through its dealer network under the brand name "DOD". Group's operating segments are identified based on the product groups. Considering the nature of the products, operating segments are identified as passenger vehicles commercial vehicles and other segments. Other segments comprise of used cars, spare parts, Thermoking climate systems, Scania marine engines and central office functions.

Segment assets and liabilities are not reported since the management reports do not include such information.

Accounting policies for certain types of transactions differ for management reporting from those used in preparation of the consolidated financial statements:

Warranty expenses and provision for legal matters have been included in the operating results when they are realized. Provisions for employee termination benefits expenses represent the undiscounted estimated future obligation of the Group arising from the retirement of the employees. Inventories are carried at cost. Depreciation and amortization which are not computed on a pro-rata basis are recognized in profit or loss on a straight-line method over the estimated useful lives of tangible and intangible assets and leases are considered straight-line rent expense under the related financial statement line items.

Segment information presented to the Group management for the nine and three month periods ended 30 September 2019 and 2018 are as follows:

<b>For the nine month period ended 30 September 2019</b>	<b>Passenger segment</b>	<b>Commercial segment</b>	<b>Other segments</b>	<b>Total</b>
Revenue from external customers	4,165,850	764,734	1,191,670	6,122,254
Cost of sales	(3,777,252)	(679,401)	(806,852)	(5,263,505)
<b>Gross profit</b>	<b>388,598</b>	<b>85,333</b>	<b>384,818</b>	<b>858,749</b>
General administration expenses	(74,996)	(13,136)	(144,122)	(232,254)
Marketing expenses	(166,604)	(42,452)	(56,172)	(265,228)
Depreciation expenses	(42,591)	(14,173)	(51,273)	(108,037)
Other income from operating activities, net	(4,229)	(276)	(1,193)	(5,698)
<b>Operating income</b>	<b>100,178</b>	<b>15,296</b>	<b>132,058</b>	<b>247,532</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

### NOTE 4 - OPERATING SEGMENTS (Continued)

For the nine month period ended 30 September 2018	Passenger Segment	Commercial segment	Other segments	Total
Revenue from external customers	5,194,795	1,438,604	1,134,589	7,767,988
Cost of sales	(4,758,268)	(1,289,024)	(775,644)	(6,822,936)
<b>Gross profit</b>	<b>436,527</b>	<b>149,580</b>	<b>358,945</b>	<b>945,052</b>
General administration expenses	(76,223)	(15,346)	(135,258)	(226,827)
Marketing expenses	(167,636)	(51,395)	(66,086)	(285,117)
Depreciation expenses	(23,998)	(4,294)	(39,880)	(68,172)
Other income from operating activities, net	97,602	13,639	(2,603)	108,638
<b>Operating income</b>	<b>266,272</b>	<b>92,184</b>	<b>115,118</b>	<b>473,574</b>
<b>For the three month period ended 30 September 2019</b>	<b>Passenger Segment</b>	<b>Commercial segment</b>	<b>Other Segments</b>	<b>Total</b>
Revenue from external customers	1,535,747	202,156	417,887	2,155,790
Cost of sales	(1,385,405)	(184,179)	(278,671)	(1,848,255)
<b>Gross profit</b>	<b>150,342</b>	<b>17,977</b>	<b>139,216</b>	<b>307,535</b>
General administration expenses	(28,699)	(4,384)	(53,641)	(86,724)
Marketing expenses	(62,146)	(13,942)	(20,510)	(96,598)
Depreciation expenses	(14,903)	(4,243)	(15,697)	(34,843)
Other income from operating activities net	(16,621)	(1,199)	(4,337)	(22,157)
<b>Operating income</b>	<b>27,973</b>	<b>(5,791)</b>	<b>45,031</b>	<b>67,213</b>
<b>For the three month period ended 30 September 2018</b>	<b>Passenger Segment</b>	<b>Commercial segment</b>	<b>Other Segments</b>	<b>Total</b>
Revenue from external customers	1,265,906	311,600	421,137	1,998,643
Cost of sales	(1,146,963)	(273,480)	(283,481)	(1,703,924)
<b>Gross profit</b>	<b>118,943</b>	<b>38,120</b>	<b>137,656</b>	<b>294,719</b>
General administration expenses	(26,542)	(5,807)	(44,572)	(76,921)
Marketing expenses	(55,677)	(14,987)	(22,033)	(92,697)
Depreciation expenses	(11,914)	(2,152)	(20,097)	(34,163)
Other income from operating activities, net	78,457	8,958	(12,416)	74,999
<b>Operating income</b>	<b>103,267</b>	<b>24,132</b>	<b>38,538</b>	<b>165,937</b>



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 4 - OPERATING SEGMENTS (Continued)

The Group management assesses the performance of the operating segments based on the measure of operating income. The measurement basis excludes the effects of non-recurring expenses (i.e. restructuring expenses and one-offs) from the operating income. The measurement basis also excludes the share of profit of equity accounted investees. Finance income and costs are not allocated to segments, as this type of activity is driven by the central finance function of the Group.

The reconciliation of operating income to profit before tax is as follows:

	<b>For the nine month period ended 30 September 2019</b>	<b>For the nine month period ended 30 September 2018</b>
Operating profit for reportable segments	247,532	473,569
Provision for legal exposures	(1,878)	(5,192)
Provision for employee termination benefits	11,896	5,194
Provision for unused vacation	(2,104)	(2,868)
Provision for diminution in value of inventories	(948)	(3,689)
Warranty provision expense	6,602	10,243
Depreciation and amortization	11,101	7,008
Share of profit of equity accounted investees	82,542	19,255
Income from investment activities	41,134	20,387
Finance expense, net	(434,882)	(357,636)
Other	13,268	2
<b>Profit before tax</b>	<b>(25,737)</b>	<b>166,273</b>

  

	<b>For the three month period ended 30 September 2019</b>	<b>For the three month period ended 30 September 2018</b>
Operating profit for reportable segments	67,213	165,932
Provision for legal exposures	635	(2,198)
Provision for employee termination benefits	8,075	3,384
Provision for unused vacation	(1,020)	513
Provision for diminution in value of inventories	404	(2,294)
Warranty provision expense	1,940	4,666
Depreciation and amortization	4,132	12,308
Share of profit of equity accounted investees	61,720	(29,738)
Income from investment activities	4,592	7,844
Finance expense, net	(115,634)	(160,651)
Other	3,627	2
<b>Profit before tax</b>	<b>35,684</b>	<b>(232)</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 5 – CASH AND CASH EQUIVALENTS

As at 30 September 2019 and 31 December 2018, cash and cash equivalents comprise the following:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Cash on hand	129	120
Cash at banks	772,085	365,772
- Demand deposits	56,463	121,465
- Time deposits	715,277	244,074
- Other cash and cash equivalents	345	233
<b>Total</b>	<b><u>772,214</u></b>	<b><u>365,892</u></b>

As at 30 September 2019, average effective interest rate on TL and Euro denominated time deposits are 14.03% and 0.51% (31 December 2018: TL 15.22% and Euro 0.8% respectively). As at 30 September 2019, maturity of time deposits is 1 days and 32 days respectively (31 December 2018: 2 days).

There is no blocked deposit as at 30 September 2019 and 31 December 2018.

Foreign currency risk exposure of cash and cash equivalents are presented under Note 24.

#### NOTE 6 - FINANCIAL ASSETS AVAILABLE-FOR-SALE

As at 30 September 2019 and 31 December 2018, available-for-sale financial assets comprise of the following:

	<u>30 September 2019</u>		<u>31 December 2018</u>	
	<u>Ownership interest (%)</u>	<u>Carrying amount</u>	<u>Ownership interest (%)</u>	<u>Carrying amount</u>
Doğuş Holding A.Ş. (“Doğuş Holding”)	3.75	589,522	3.75	567,259
		<b><u>589,522</u></b>		<b><u>567,259</u></b>

Since Doğuş Holding is not publicly traded, fair value of Doğuş Holding is determined by using current market information’s for publicly traded companies under Doğuş Holding governance. Fair value of Doğuş Holding is also determined by using other valuation methods such as nominal values, net carrying amount, acquisition price and discounted cash flows for non-public companies under Doğuş Holding governance. The movements in available-for-sale financial assets within the period are as follows:

	<u>2019</u>	<u>2018</u>
<b>Balance at 1 January</b>	<b>567,259</b>	<b>579,277</b>
Change in fair value of available-for-sale financial assets	22,263	(23,502)
<b>Balance at 30 September</b>	<b><u>589,522</u></b>	<b><u>555,775</u></b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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#### NOTE 7 – BORROWINGS

As at 30 September 2019 and 31 December 2018, financial liabilities with the effective interest rates, comprise the following:

	30 September 2019		31 December 2018	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Short-term bank borrowings:</b>				
TL denominated interest bearing borrowings	27.09	2,008,467	26.28	2,020,263
TL denominated non-interest bearing borrowings (*)	-	42,586	-	15,122
EUR denominated interest bearing borrowings	5.8	629,749	5.40	615,280
<b>Short-term bank liabilities:</b>		<b>2,680,802</b>		<b>2,650,665</b>
	30 September 2019		31 December 2018	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Long-term bank borrowings:</b>				
TRY denominated interest bearing borrowings	-	-	31.96	60,000
<b>Total long-term financial liabilities</b>		<b>-</b>		<b>60,000</b>

(\*) As at 30 September 2019, the Group has non-interest bearing TL denominated loans from various financial institutions amounting to TL 42,586 which have been obtained to pay value added taxes, custom taxes and special consumption taxes (31 December 2018: TL 15,122).

As at 30 September 2019, the Group does not have any long-term bank borrowings while the repayment schedule of long-term bank borrowings including their short-term portions as at 31 December 2018 is as follows:

Payment period	Original amount (TL)	TL Equivalent
2020	60,000	60,000
<b>Toplam</b>	<b>60,000</b>	<b>60,000</b>

Foreign currency, interest and liquidity risk exposure of financial liabilities are presented under Note 24.

Movement of financial borrowings as 30 September 2019 are summarized below:

Bank Borrowings	2019	2018
<b>Balance at 1 January</b>	<b>2,710,665</b>	<b>2,974,838</b>
Additions during the period	1,671,358	2,070,880
Payments during the period	(1,695,711)	(2,700,859)
Foreign exchange (gains) / losses	16,113	30,473
Changes in interest accrual	(21,623)	(57,981)
Transfer to assets held for sale	-	(59,586)
<b>Balance at 30 September</b>	<b>2,680,802</b>	<b>2,257,765</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 7 – BORROWINGS (Continued)

As of 30 September 2019 and 31 December 2018, the details of the lease liabilities are as follows:

	30 September 2019		31 December 2018	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Short term leases:</b>				
TL leases	25.68	4,340	-	-
EUR leases	5.57	5,146	-	-
<b>Short term leases</b>		<b>9,486</b>		<b>-</b>
	30 September 2019		31 December 2018	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Long term leases:</b>				
TL leases	25.68	92,162	-	-
EUR leases	5.57	3,088	-	-
<b>Long term leases</b>		<b>95,250</b>		<b>-</b>

Movement of lease liabilities is as follows:

	30 September 2019
<b>1 January 2019</b>	147,642
Additions	6,095
Prepayments	(23,381)
Payments	(46,847)
Interest expenses	21,126
Foreign exchange gain/loss	101
<b>30 September 2019</b>	<b>104,736</b>

#### NOTE 8 - TRADE RECEIVABLES AND PAYABLES

##### 8.1 Trade Receivables

###### Guarantees received for trade receivables due from non-related parties

Significant portion of the other trade receivables due from third parties is comprised of receivables from the dealers and fleet customers. The Group's management established an effective control system over the dealers and monitors the credit risk of the dealers arising from the transactions. The Group requests letters of guarantee for vehicle and spare parts sales from customers. As at 30 September 2019, TL 62,885 of trade receivables due from third parties are covered via letters of guarantee (31 December 2018: TL 95,655).

As at 30 September 2019, overdue trade receivables due from non-related parties that are not impaired amount to TL 9,318 (31 December 2018: TL 18,165). TL 464 of such overdue receivables are covered via guarantee letters (31 December 2018: TL 31 are covered via guarantee letters).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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#### NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

##### 8.1 Trade Receivables (Continued)

As at 30 September 2019, the Group's average maturity of trade receivables due from third parties is 28 days (31 December 2018: 38 days).

Credit and foreign currency exposure of trade receivables are presented under Note 24.

##### 8.2 Trade Payables

As at 30 September 2019 and 31 December 2018, other trade payables consist of the following:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Payables to OEM companies	824,607	343,948
Other trade payables (**)	48,098	44,076
Dealer premium accrual (*)	40,793	-
Payables to dealers (*)	-	44,803
Other expense accruals	30	1,758
<b>Total</b>	<b><u>913,528</u></b>	<b><u>434,585</u></b>

OEM's provide a credit option to the Group up to 1 year, which is free from interest for 10 days. The OEM's charge the Group an interest of 1% per annum for trade payables not settled within 10 days (31 December 2018: 1% per annum).

(\*) Group's payables to dealers consisted of bonus payables paid on periodical basis, dealer premium accruals consisted of bonus amounts which is accrued and not paid yet.

(\*\*) Other trade payables include Group's payables to service and material suppliers.

Foreign currency and liquidity risk exposure of trade payables are presented under Note 24.

#### NOTE 9 - OTHER RECEIVABLES

As at 30 September 2019 and 31 December 2018, other receivables comprise of the following:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Warranty claims and price difference receivables (*)	103,162	297,026
Receivables due to insurance claims	15,391	14,004
Other	17,326	11,946
<b>Total</b>	<b><u>135,879</u></b>	<b><u>322,976</u></b>

(\*) Warranty claims comprise the amounts to be paid by the suppliers in regards to the portion of warranty expenses of the vehicles imported by the Group, OEM's are responsible for. As at 30 September 2019, other receivables which has not been billed yet is amounting to TL 39,046 (31 December 2018: TL 121,688).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 10 – INVENTORIES

As at 30 September 2019 and 31 December 2018, inventories comprise of the following:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Goods in transit (*)	848,499	351,936
Merchandise stocks – vehicles	573,657	845,116
Merchandise stocks – spare parts	164,220	173,776
	<u>1,586,376</u>	<u>1,370,828</u>
Provision for diminution in the value of inventories, net (-)	(5,882)	(4,932)
<b>Total</b>	<u><b>1,580,494</b></u>	<u><b>1,365,896</b></u>

(\*) Goods in transit comprise of vehicles and spare parts, custom transactions of which have not been completed yet, but risks and rewards of which have been transferred to the Group.

The cost of inventories recognized as expense and included in cost of sales amounted to TL 5,179,943 for the nine month period ended 30 September 2019 (30 September 2018: TL 6,744,609).

The Group has provided provision for damaged and slow-moving items in inventories. The current year stock provision is included in “cost of sales”. The movement of provision for diminution in the carrying value of inventories is provided below:

	<u>2019</u>	<u>2018</u>
<b>Balance at 1 January</b>	<b>4,932</b>	<b>5,268</b>
Additions in the current period, net	950	3,689
<b>Balance at 30 September</b>	<u><b>5,882</b></u>	<u><b>8,957</b></u>

#### NOTE 11 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

As at 30 September 2019 and 31 December 2018, investment in associates, joint ventures and the Group’s share of control are as follows:

	<u>30 September 2019</u>		<u>31 December 2018</u>	
	<u>Ownership (%)</u>	<u>Carrying amount</u>	<u>Ownership (%)</u>	<u>Carrying amount</u>
<b><u>Associates</u></b>				
VDF	48	98,474	48	132,251
Doğuş Sigorta	42	37,546	42	35,921
Yüce Auto	50	22,103	50	25,936
VDF Servis	38.22	107,324	38.22	85,788
Doğuş Teknoloji (*)	21.765	27,593	46	3,372
<b>Total</b>		<u><b>293,040</b></u>		<u><b>283,268</b></u>
<b><u>Joint ventures</u></b>				
TÜVTURK Kuzey - Güney	33.33	136,637	33.33	91,391
<b>Total</b>		<u><b>136,637</b></u>		<u><b>91,391</b></u>
<b>Grand total</b>		<u><u><b>429,677</b></u></u>		<u><u><b>374,659</b></u></u>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 11 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

The movements in investments in associates and joint ventures during the periods are as follows:

	<u>2019</u>	<u>2018</u>
<b>Balance at 1 January</b>	<b>374,659</b>	<b>352,323</b>
Shares in profits of associates and joint ventures, net	82,542	19,255
Change in fair value of available-for-sale financial assets held by associates	1,331	(1,406)
Dividend income from associates	(51,055)	(36,524)
Cash inflows caused by share sales or capital decrease of associates and/or joint ventures (*)	22,263	-
Deferred tax effect in relation to change in fair value of available-for-sale financial assets held by associates	(63)	67
Transfers to subsidiary (**)	-	(1,223)
<b>Balance at 30 September</b>	<b><u>429,677</u></b>	<b><u>332,492</u></b>

(\*) Doğuş Teknoloji, which owned by the Group with 46% of shares, has been merged with Doğuş Müşteri Sistemleri A.Ş with all its total assets and liabilities on 29 April 2019. As a result of this merger, the Group measured previously held 46% of shares of Doğuş Teknoloji at the fair value and own the %21,765 of shares of the new company. The Group accounted the difference between the fair value and carrying value of previously held Doğuş Teknoloji's 46% of shares under income from investing activities (Note 19). In addition 21.765% of the new company's shares were recognised based on the fair value of the identifiable assets and liabilities in the scope of TFRS 3 "Business combinations".

(\*\*) As at 20 July 2018, The Company has transferred its own 49% of shares of Meiller-Doğuş to its subsidiary Doğuş Oto Pazarlama A.Ş through sales transaction.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 11 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

As at 30 September 2019, 31 December 2018 and 30 September 2018, total assets, liabilities and results of the periods of the Group's associates and joint ventures are presented below:

	30 September 2019					30 September 2019			
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Associates	6,770,191	1,191,338	7,961,529	6,814,894	469,660	7,284,554	2,040,835	(2,061,022)	(20,187)
Joint ventures	354,008	870,231	1,224,239	392,468	421,866	814,334	1,881,632	(1,618,045)	263,587

  

	31 December 2018					30 September 2018			
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Associates	10,145,557	1,027,595	11,173,152	9,959,328	569,250	10,528,578	2,508,169	(2,538,787)	(30,618)
Joint ventures	242,907	825,807	1,068,714	317,002	473,059	790,061	1,515,924	(1,408,410)	107,514



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 11 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

As at 30 September 2019, 31 December 2018 and 30 September 2018, cash and cash equivalents, current and non-current liabilities, amortization and depreciation expenses, interest income and expenses are presented below:

	30 September 2019			30 September 2019		
	Cash and cash equivalents	Short-term financial liabilities	Long-term financial liabilities	Amortisation and depreciation expenses	Interest income	Interest expense
Associates	321,691	5,565,127	454,063	(19,994)	20,730	(56,795)
Joint ventures	220,611	38,841	23,480	(21,311)	25,074	(3,789)
	31 December 2018			30 September 2018		
	Cash and cash equivalents	Short-term financial liabilities	Long-term financial liabilities	Amortisation and depreciation expenses	Interest income	Interest expense
Associates	1,047,614	8,486,312	558,006	(25,353)	24,196	(38,053)
Joint ventures	128,396	51,166	2,630	(13,739)	14,024	(10,242)

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

The movements in property and equipment and related accumulated depreciation for the nine month period ended 30 September 2019 are as follows:

	1 January 2019	Additions	Disposals	Transfers	Foreign currency translation difference	30 September 2019
<i>Cost:</i>						
Land	285,839	-	-	-	-	285,839
Land improvements	18,562	-	-	-	-	18,562
Buildings	484,370	705	-	-	-	485,075
Machinery and equipments	67,238	1,555	(744)	11	171	68,231
Motor vehicles	174,432	14,202	(39,730)	159	9	149,072
Furniture and fixtures	73,976	185	(5,261)	41	131	69,072
Leasehold improvements	123,930	21	(251)	-	1,930	125,630
Constructions in progress	879	1,980	-	(211)	-	2,648
	<b>1,229,226</b>	<b>18,648</b>	<b>(45,986)</b>	<b>-</b>	<b>2,241</b>	<b>1,204,129</b>
<i>Accumulated depreciation:</i>						
Land improvements	(12,960)	(551)	-	-	-	(13,511)
Buildings	(48,954)	(7,511)	-	-	-	(56,465)
Machinery and equipments	(33,382)	(4,249)	708	-	(90)	(37,013)
Motor vehicles	(48,401)	(25,558)	18,457	-	(9)	(55,511)
Furniture and fixtures	(47,015)	(6,132)	5,086	-	(123)	(48,184)
Leasehold improvements	(56,136)	(5,723)	251	-	(542)	(62,150)
	<b>(246,848)</b>	<b>(49,724)</b>	<b>24,502</b>	<b>-</b>	<b>(764)</b>	<b>(272,834)</b>
<b>Carrying amount</b>	<b>982,378</b>					<b>931,295</b>

Total depreciation expense amounting to TL 49,724 has been allocated to general administrative expenses in the condensed consolidated profit or loss statement for the nine month period ended 30 September 2019 (30 September 2018: TL 50,760).

As at 30 September 2019, Lien on land owned by the Group has been discharged to TL 374,446 (31 December 2018: TL 277,288).

As at 30 September 2019, borrowing cost amounting to TL 53,970 is capitalized on property and equipments (31 December 2018: TL 53,970).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements in property and equipment and related accumulated depreciation for the nine month period ended 30 September 2018 are as follows:

	<u>1 January 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Transfers to asset held for sale</u>	<u>Foreign currency translation difference</u>	<u>30 September 2018</u>
<i>Cost:</i>							
Land	293,849	-	-	-	(12,719)	4,709	285,839
Land improvements	18,019	66	-	-	-	-	18,085
Buildings	462,817	-	(30)	-	(111,283)	39,066	390,570
Machinery and equipments	71,149	8,517	(497)	66	(21,664)	8,986	66,557
Motor vehicles	145,326	85,476	(70,413)	-	(24,730)	9,921	145,580
Furniture and fixtures	68,062	4,331	(82)	316	-	727	73,354
Leasehold improvements	91,833	17	-	22,839	-	10,750	125,439
Constructions in progress	55,725	39,449	(112)	(23,300)	-	-	71,762
	<b>1,206,780</b>	<b>137,856</b>	<b>(71,134)</b>	<b>(79)</b>	<b>(170,396)</b>	<b>74,159</b>	<b>1,177,186</b>
<i>Accumulated depreciation:</i>							
Land improvements	(12,251)	(526)	-	-	-	-	(12,777)
Buildings	(53,486)	(8,466)	-	-	20,127	(4,886)	(46,711)
Machinery and equipments	(38,368)	(5,069)	627	-	17,714	(6,779)	(31,875)
Motor vehicles	(41,586)	(24,581)	21,864	-	4,334	(1,843)	(41,812)
Furniture and fixtures	(38,178)	(6,586)	31	-	-	(635)	(45,368)
Leasehold improvements	(47,563)	(5,532)	-	-	-	(2,668)	(55,763)
	<b>(231,432)</b>	<b>(50,760)</b>	<b>22,522</b>	<b>-</b>	<b>42,175</b>	<b>(16,811)</b>	<b>(234,306)</b>
<b>Carrying amount</b>	<b>975,348</b>						<b>942,880</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 13 - INVESTMENT PROPERTY

The movements in investment property and related accumulated depreciation for the nine months period ended 30 September 2019 and 2018 are as follows:

	2019	2018
<b>Cost:</b>		
Balance at 1 January	22,540	22,540
Additions	-	-
<b>Balance at 30 September</b>	<b>22,540</b>	<b>22,540</b>
<b>Accumulated depreciation</b>		
Balance at 1 January	(1,687)	(1,274)
Additions	(381)	(310)
<b>Balance at 30 September</b>	<b>(2,068)</b>	<b>(1,584)</b>
<b>Net book value as of 1 January</b>	<b>20,853</b>	<b>21,266</b>
<b>Net book value as of 30 September</b>	<b>20,472</b>	<b>20,956</b>

Investment property comprised of the building that is used by Doğuş Teknoloji. The Group decided to rent this building to Doğuş Teknoloji in October 2014 and a 10-year rent contract has been signed between the parties.

The Group assesses whether there is any impairment indicator in investment properties. If such indicator exists the Group compares fair values and carrying values of the investment properties on an individual asset basis and records identified impairment of the investment properties.

The fair value of the investment property has been determined by a CMB licensed property appraiser company in March 2019. As of 30 September 2019, the fair value of the building amounts to TL 32,290 (Level 2).

The useful life of the building that is classified as investment property is 50 years. The Group has recognized TL 1,069 rent income from the related investment property (30 September 2018 : TL 993).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### 14.1 Short-Term Provisions

The breakdown of short-term provisions as at 30 September 2019 and 31 December 2018 is presented below:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Legal provisions	29,627	27,748
Warranty provisions	8,968	16,356
<b>Total</b>	<b>38,595</b>	<b>44,104</b>

The breakdown of other long-term provisions as at 30 September 2019 and 31 December 2018 is presented below:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Warranty provisions	24,792	24,006
<b>Total</b>	<b>24,792</b>	<b>24,006</b>

##### 14.2 Collaterals/ Pledges/ Mortgages/ Bill of Guarantees Given

As at 30 September 2019 the Group's position related to letters of collaterals/ pledges/ mortgages/bill of guarantees ("CPMB") are as follows:

	<u>30 September 2019</u>				
	<u>Total</u>	<u>Original balances</u>			
	<u>TL equivalent</u>	<u>Full</u>	<u>Full</u>	<u>Full</u>	
		<u>TL</u>	<u>USD</u>	<u>Euro</u>	<u>CHF</u>
A. Total amount of CPMB given on behalf of own legal personality	2,144,681	158,141,551	-	321,259,400	-
B. Total amount of CPMB given in favor of partnerships which is consolidated	7,619	7,619,373	-	-	-
C. Total amount of CPMB given for assurance of third parties debts in order to conduct of usual business activities	71,377	25,000,000	-	7,500,000	-
D. Total amount of other CPMB					
i. Total amount of CPMB given in favor of parent company	-	-	-	-	-
ii. The amount of CPMB given in favor of other group companies which B and C don't comprise	-	-	-	-	-
iii. The amount of CPMB given in favor of 3rd parties which C doesn't comprise	-	-	-	-	-
<b>Total CPMB</b>	<b>2,223,677</b>	<b>190,760,924</b>	<b>-</b>	<b>328,759,400</b>	<b>-</b>

Other CPMBs given by the Group as at 30 September 2019 are equivalent to 0% of the Company's equity (31 December 2018: 0%).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### 14.2 Collaterals/ Pledges/ Mortgages/ Bill of Guarantees Given (Continued)

As at 31 December 2018, the Group's position related to letters of collaterals/ pledges/ mortgages/bill of guarantees guarantee given, pledges and mortgages ("GPMCPMB") are as follows:

	31 December 2018				
	Total [TL equivalent]	Original balances			
		Full TL	Full USD	Full Euro	Full CHF
A. Total amount of CPMB given on behalf of own legal personality	2,886,990	152,044,910	-	453,706,900	-
B. Total amount of CPMB given in favor of partnerships which is consolidated	45,210	-	-	7,500,000	-
C. Total amount of CPMB given for assurance of third parties debts in order to conduct of usual business activities	-	-	-	-	-
D. Total amount of other CPMB	-	-	-	-	-
i. Total amount of CPMB given in favor of parent company	-	-	-	-	-
ii. The amount of CPMB given in favor of other group companies which B and C don't comprise	-	-	-	-	-
iii. The amount of CPMB given in favor of 3rd parties which C doesn't comprise	-	-	-	-	-
<b>Total CPMB</b>	<b>2,932,200</b>	<b>152,044,910</b>	<b>-</b>	<b>461,206,900</b>	<b>-</b>

##### 14.3 Collaterals/ pledges/ mortgages/bill of guarantees received

###### Letter of Guarantees Received

	30 September 2019	31 December 2018
Letters of guarantees received from dealers	84,230	127,606
Letters of guarantees received from fixed asset and service suppliers	38,096	37,527
Letters of guarantees received from fleet customers	16,000	27,333
<b>Total</b>	<b>138,326</b>	<b>192,466</b>

#### NOTE 15 - PREPAYMENTS / DEFERRED INCOME / OTHER CURRENT ASSETS

##### 15.1 Short-Term Prepayments

As at 30 September 2019 and 31 December 2018, short-term prepayments comprise of the following:

	30 September 2019	31 December 2018
Prepaid expenses	33,859	23,396
Advances given	8,576	2,557
<b>Total</b>	<b>42,435</b>	<b>25,953</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 15 - PREPAYMENTS / DEFERRED INCOME / OTHER CURRENT ASSETS (Continued)

##### 15.2 Long-Term Prepayments

As at 30 September 2019 and 31 December 2018, long-term prepayments comprise of the following:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Prepaid expenses	1,835	337
<b>Total</b>	<b><u>1,835</u></b>	<b><u>337</u></b>

##### 15.3 Deferred Income

As at 30 September 2019 deferred income comprise of the advances received from customers amounting to TL 18,706 (31 December 2018: TL 10,281), credit notes received from OEM amounting to TL 1,938 (31 December 2018: TL 2,162), and other deferred income amounting to TL 9,948 (31 December 2018: TL 5,882). As of 30 September 2019, long term deferred income amounting to TL 4,587 is contribution income and TL 2,808 is other deferred income (31 December 2018: TL 2,489).

##### 15.4 Other Current Assets

As at 30 September 2019 and 31 December 2018, other current assets comprise of the following:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Deferred VAT	-	56,249
Other	2,147	1,461
<b>Total</b>	<b><u>2,147</u></b>	<b><u>57,710</u></b>

#### NOTE 16 - OTHER CURRENT LIABILITIES

As at 30 September 2019 and 31 December 2018, other current liabilities comprise of the following:

	<u>30 September 2019</u>	<u>31 December 2018</u>
VAT payable	67,558	73,596
Expense accruals	4,001	288
Other current liabilities	4,429	-
<b>Total</b>	<b><u>75,988</u></b>	<b><u>73,884</u></b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 17 - EQUITY

##### Issued Capital

As at 30 September 2019, the registered capital of the Company is TL 220,000 (31 December 2018: TL 220,000). The paid-in share capital of the Company comprises of 220.000.000 units of registered shares with a nominal value of TL 1 each. There is no different type of share and no privilege given to specific shareholders. The Company's registered authorized capital ceiling is TL 660,000.

As at 30 September 2019 and 31 December 2018, the composition of the Company's shareholding structure is as follows:

Shareholders	30 September 2019		31 December 2018	
	TL	Shareholding (%)	TL	Shareholding (%)
Doğuş Holding	98,947	44.98	98,947	44.98
Doğuş Araştırma Geliştirme ve Müşavirlik A.Ş.	66,638	30.29	66,638	30.29
Doğuş Otomotiv Servis ve Ticaret A.Ş. (*)	22,000	10.00	22,000	10.00
Publicly traded	32,415	14.73	32,415	14.73
<b>Paid-in capital</b>	<b>220,000</b>	<b>100.00</b>	<b>220,000</b>	<b>100.00</b>
Capital distribution differences	23,115		23,115	
<b>Total</b>	<b>243,115</b>		<b>243,115</b>	

(\*) In accordance with communique of CMB, the Group reacquired 22,000,000 units of its own shares which is equivalent to 10% of its paid-in capital in 2016.

##### Restricted reserves appropriated from profits

The breakdown of restricted reserves is presented below:

	30 September 2019	31 December 2018
Treasury share reserves	220,288	220,288
Legal reserves	171,848	170,419
Other restricted profit reserves	69,695	69,695
<b>Total</b>	<b>461,831</b>	<b>460,402</b>

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside as up to 5% of the distributable income per the statutory accounts each year. The ceiling of the first level reserves is 20% of the paid-in share capital. In case of a profit distribution in accordance with CMB regulations, second level legal reserves are set aside by rate of 1/10 for all cash distribution exceeding 5% of the share capital. In case of a profit distribution in accordance with statutory records, second level legal reserves are set aside by rate of 1/11 for all cash distribution exceeding 5% of the share capital. Under the Turkish Commercial Code, first and second level legal reserves cannot be distributed until they exceed 50% of the capital, but the reserves can solely be used for offsetting the losses in case of running out of arbitrary reserves. In accordance with the CMB Regulations, legal reserves will be presented under the "restricted reserves appropriated from profits. As at 30 September 2019, the legal reserves of the Group amounted to TL 171,848 (31 December 2018: TL 170,419).



## **DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER**

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### **NOTE 17 – EQUITY (Continued)**

The 75% portion of gains amounting to TL 19,981 and TL 49,256 arising from the sale of participation share on joint venture and associates on 6 September 2013 and 16 February 2015 respectively recognised in statutory financial statements has been reclassified as “other restricted profit reserves”. As at 30 September 2019, the special reserves of the Group amounted to TL 69,695 (31 December 2018: TL 69,695).

#### **Treasury shares**

The Group reacquired its own shares that are traded on Borsa Istanbul A.Ş in accordance with the Communiqué on Buy Backed Shares (II-22.1) announced by CMB. In this context, the Group reacquired its own 22,000,000 units of registered shares in 2016 that are equivalent to 10% portion of its issued capital at an amount of TL 220,274 and accounted as "Treasury shares" under the equity in the condensed consolidated interim financial statements. Additionally, the Group classified “Treasury share reserve” in the amount of the value of the reacquired shares under “Restricted reserves appropriated from profits” in accordance with the relevant communiqué.

#### **Gains (Losses) on remeasurements of defined benefit plans**

According to the transition rules of TAS 19 (2011), accumulated actuarial losses on employee benefits are started to be recorded within these accounts by the beginning of 1 January 2012 in accordance with the announcement made by CMB regarding financial statements and disclosure templates stated at “Principles of Financial Reporting in Capital Market” which is dated 13 June 2013 and published in the Official Gazette numbered 28676 Series:II, No.14.1.

#### **Retained earnings/(Accumulated losses)**

Accumulated profits other than net current year profit and extraordinary reserves are classified under retained earnings. As at 30 September 2019, retained earnings are TL 349,262 (31 December 2018: TL 217,534).

#### **Gains (Losses) on remeasuring of available-for-sale financial assets**

Available-for-sale financial assets are recognized in condensed consolidated interim financial statements at their fair values. The valuation differences realized at the reporting date in carrying amount of the available-for-sale financial assets is recognized in “gains (losses) on remeasuring and/or reclassification of available-for-sale financial assets” account under equity in the condensed consolidated interim financial statements. As at 30 September 2019, gains (losses) on remeasuring and/or reclassification of available-for-sale financial assets of the Group amounted to TL 509,108 (31 December 2018: TL 486,690).

#### **Foreign currency translation differences**

Foreign currency translation differences comprise the foreign currency exchange rate differences arising from the translation of the financial statements on foreign currencies from functional currency to the presentation currency of the Group. As at 30 September 2019, the foreign currency translation differences of the Group amounted to TL 1,950 (31 December 2018: TL 1,473 ).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 17 – EQUITY (Continued)

##### Dividend

Publicly traded companies shall perform dividend distribution in accordance with the Communiqué on Dividends II-19.1 of the Capital Market Board effective as of 1 February 2014.

Companies shall distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the related regulation. Within the scope of this Communiqué, no minimum distribution rate has been determined. Companies shall pay dividends as set out in their profit distribution policies or their articles of association. Additionally, dividends can be paid via equal or different installments and companies can distribute dividend advances based on profits at interim financial statements.

In the General Assembly Meeting which was held on 26 March 2019, it has been decided to retain the previous year's distributable profit within the Company.

##### Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the "non-controlling interests" in the condensed consolidated interim financial statements. As at 30 September 2019 and 31 December 2018, the related amounts in the "non-controlling interests" account in the condensed consolidated interim financial statements are TL 6,896 and TL 6,308 respectively. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the "non-controlling interests" in the condensed consolidated interim profit or loss statement.

#### NOTE 18 - MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

The breakdown of operating expenses for the nine and three month periods ended 30 September is presented below:

	For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
General administrative expenses	322,387	290,857	108,061	97,078
Marketing expenses	243,351	274,874	89,565	88,032
<b>Total</b>	<b>565,738</b>	<b>565,731</b>	<b>197,626</b>	<b>185,110</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

### NOTE 18 - MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES (Continued)

#### 18.1 Marketing Expenses

The breakdown of marketing expenses for the nine and three month periods ended 30 September is presented below:

	For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
Warranty expenses, net	103,396	66,125	37,202	20,669
Personnel expenses	51,910	58,733	19,378	22,283
Distribution expenses	42,257	74,331	14,638	23,168
Advertising expenses	37,438	50,353	15,028	13,137
Customer service expenses	5,414	7,512	2,159	2,906
Support expenses	2,936	6,369	1,160	1,548
Rent expenses	-	11,451	-	4,321
<b>Total</b>	<b>243,351</b>	<b>274,874</b>	<b>89,565</b>	<b>88,032</b>

#### 18.2 General Administrative Expenses

The breakdown of general administration expenses for the nine and three month periods ended 30 September is presented below:

	For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
Personnel expenses	127,473	116,851	44,919	37,887
Depreciation and amortization expenses	96,935	61,164	30,710	21,858
Building expenses	29,182	23,931	9,955	8,006
Maintenance expenses	19,743	14,587	6,606	4,858
Consultancy expenses	7,967	15,243	2,536	6,153
Insurance expenses	7,717	5,491	2,532	1,904
Vehicle expenses	6,128	13,612	1,621	4,184
Travelling expenses	5,054	4,600	2,226	986
Donation expenses	2,462	1,140	1,431	17
Corporate governance expenses	1,814	3,771	618	612
Communication expenses	1,686	2,072	558	662
Rent expenses	503	10,786	-	3,543
Other	15,723	17,609	4,349	6,408
<b>Total</b>	<b>322,387</b>	<b>290,857</b>	<b>108,061</b>	<b>97,078</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 19 - INVESTMENT ACTIVITY INCOME

The breakdown of income from investment activities for the nine and three month periods ended 30 September is presented below:

	For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
Gain on disposal of associate (Note 11)	22,263	-	97	-
Gain on sale of property and equipment	18,871	20,184	4,495	7,641
Gain on disposal of Joint venture (*)	-	203	-	203
<b>Total</b>	<b>41,134</b>	<b>20,387</b>	<b>4,592</b>	<b>7,844</b>

(\*) As at 20 June 2018, The Company has transferred its own 49% shares of Meiller-Doğuş to its subsidiary Doğuş Oto Pazarlama A.Ş. through sales transaction.

#### NOTE 20 – FINANCE INCOME AND EXPENSES

The breakdown of finance expenses for the nine and three month periods ended 30 September is presented below:

	For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
Interest expense on borrowings	392,775	319,410	127,971	132,221
Commission expenses on letters of guarantee	36,945	13,657	15,998	6,783
Interest expense on lease liabilities (Note 2.6 and Note 7)	21,126	-	7,302	-
Foreign exchange losses on borrowings net	16,113	30,473	(42,903)	24,620
Other	26,181	4,803	16,232	1,175
<b>Total</b>	<b>493,140</b>	<b>368,343</b>	<b>124,600</b>	<b>164,799</b>

The breakdown of finance income for the nine and three month periods ended 30 September is presented below:

	For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
Interest income	58,258	10,707	8,966	4,148
<b>Total</b>	<b>58,258</b>	<b>10,707</b>	<b>8,966</b>	<b>4,148</b>

## DOĐUŐ OTOMOTİV SERVİS VE TİCARET A.Ő.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### NOTE 21 - TAX ASSET AND LIABILITIES

Turkish tax legislation does not allow for the submission of tax returns over consolidated financial statements prepared by the parent company, which include its subsidiaries and associates. Accordingly tax considerations reflected in these consolidated financial statements have been calculated separately for each of the companies in the scope of the consolidation.

The Corporate Tax Law was amended by Law No.5520 dated 13 September 2006. Most of the articles of the new Corporate Tax Law in question, No.5520, have come into force effective from 1 January 2006. As at 30 September 2019, effective corporation tax is payable at a rate of 22% (will be applied as 22% for 2020 tax periods) on the total income of the Company and its subsidiaries registered in Turkey after adjusting for certain disallowable expenses, tax-exempt income and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed (except for withholding tax at the rate of 19.8%, calculated on an exemption amount if an investment allowance is granted in the scope of Income Tax Law temporary article 61).

As at 30 September 2019, enacted corporation tax rate is 15% for the subsidiary registered in Iraq according to local tax law (31 December 2018: 15%). According to Iraq tax laws, losses can be carried forward for offsetting against future taxable income for up to 5 years unless it is not exceeded by the half of the income for each year.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income (will be applied as 22% for 2019 and 2020 tax periods). Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid during the year is offset against the annual corporation tax payable, which is calculated over the corporate tax return declared in the following year. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government. Dividend income of a resident arising from the investments in another resident is not subject to corporate tax (Excluding dividend from investment funds participation certificates and investment trust shares).

Accordingly, income items complying with the abovementioned rules and included in accounting profit or loss are taken into account in corporate tax computation.

In determining the tax base, in addition to abovementioned exceptions, exceptions indicated in article 8 of Corporate Tax Law and article 40 of Income Tax Law are also taken into account.

There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

Losses can be carried forward for offsetting against future taxable income for up to 5 years.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 21 -TAX ASSET AND LIABILITIES (Continued)

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property, which has remained in assets for more than two full years, are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account under liabilities and it must not be withdrawn from the entity for a period of 5 years. The cost of the sale has to be collected up until the end of the second calendar year following the year the sale was realized.

For the nine and three month periods ended 30 September, taxation charge comprise of the following:

	For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
Deferred tax income/(expense)	25,770	3,712	4,712	1,758
Current tax expense	(2,258)	(41,390)	1,015	(10,214)
<b>Total tax expense</b>	<b>23,512</b>	<b>(37,678)</b>	<b>5,727</b>	<b>(8,456)</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

	For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018
Profit before tax	(25,737)	166,273
Income tax using the Company's domestic tax rate	5,662	(36,580)
Disallowable expenses	(4,851)	(7,095)
Share of profit in equity accounted investees exempt from deferred tax calculation	18,159	4,236
Tax effect of exempted revenues	4,898	-
Other	(356)	1,761
<b>Total tax expense</b>	<b>23,512</b>	<b>(37,678)</b>
	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
Profit before tax	35,684	(232)
Income tax using the Company's domestic tax rate	(7,850)	51
Disallowable expenses	(1,212)	(5,903)
Share of profit in equity accounted investees exempt from deferred tax calculation	8,702	(6,542)
Tax effect of exempted revenues	4,898	-
Other	1,189	3,938
<b>Total tax expense</b>	<b>5,727</b>	<b>(8,456)</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

### NOTE 21 - TAX ASSET AND LIABILITIES (Continued)

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with Turkish Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes. Tax rate is 22% for deferred tax assets and liabilities on temporary differences. Since the applicable tax rate has been changed to 22% for the 3 years beginning from 1 January 2018, 22% tax rate is used in the deferred tax calculation of 30 September 2019 for the temporary differences expected to be realized within 2 years (for the years 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized after 2020. (31 December 2018: 22%).

#### Deferred taxes

As at 30 September 2019 and 31 December 2018, deferred tax assets and liabilities are attributable to the items detailed in the table below:

	Deferred tax assets		Deferred tax Liabilities		Net deferred tax assets/(liabilities)	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Fair value change of available-for sale financial assets	-	-	(22,971)	(21,858)	(22,971)	(21,858)
Land	-	-	(1,393)	(1,393)	(1,393)	(1,393)
Other tangible and intangible assets	-	-	(3,505)	(1,290)	(3,505)	(1,290)
Warranty provision, net	7,427	8,880	-	-	7,427	8,880
Legal provision	6,104	5,741	-	-	6,104	5,741
Provision for diminution in value of inventories	1,294	1,085	-	-	1,294	1,085
Employee termination benefit	7,125	5,989	-	-	7,125	5,989
Unused vacation liability	2,634	2,200	-	-	2,634	2,200
Dealer premium accrual	8,974	-	-	-	8,974	-
Carry forward tax loss	17,133	-	-	-	17,133	-
Other	477	-	-	(1,352)	477	(1,352)
Total deferred tax asset/(liabilities)	51,168	23,895	(27,869)	(25,893)	23,299	(1,998)
Net off tax	(26,621)	(23,895)	26,621	23,895	-	-
<b>Total deferred tax assets/(liabilities)</b>	<b>24,547</b>	<b>-</b>	<b>(1,248)</b>	<b>(1,998)</b>	<b>23,299</b>	<b>(1,998)</b>

The movements in temporary differences as at 30 September 2019 are as follows:

	1 January 2019	Recognized in the profit or loss	Recognized in other comprehensive income	30 September 2019
Fair value change of available-for-sale financial assets	(21,858)	-	(1,113)	(22,971)
Land	(1,393)	-	-	(1,393)
Other tangible and intangible assets	(1,290)	(2,215)	-	(3,505)
Warranty provision, net	8,880	(1,453)	-	7,427
Legal provision	5,741	363	-	6,104
Provision for diminution in value of inventories	1,085	209	-	1,294
Employee termination benefit	5,989	496	640	7,125
Unused vacation liability	2,200	434	-	2,634
Dealer premium accrual	-	8,974	-	8,974
Carry forward tax loss	-	17,133	-	17,133
Other	(1,352)	1,829	-	477
	<b>(1,998)</b>	<b>25,770</b>	<b>(473)</b>	<b>23,299</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

#### NOTE 21 - TAX ASSET AND LIABILITIES (Continued)

##### Deferred taxes (Continued)

The movements in temporary differences as at 30 September 2018 are as follows:

	1 January 2018	Recognized in the profit or loss	Recognized in other comprehensive income	30 September 2018
Fair value change of available-for-sale financial assets	(22,459)	-	1,175	(21,284)
Land	(1,393)	-	-	(1,393)
Other tangible and intangible assets	3,196	(1,403)	-	1,793
Warranty provision, net	9,767	(1,377)	-	8,390
Legal provision	4,065	1,124	-	5,189
Provision for diminution in value of inventories	1,291	680	-	1,971
Employee termination benefit	5,555	106	260	5,921
Unused vacation liability	1,522	649	-	2,171
Dealer premium accrual	-	5,563	-	5,563
Other	(6)	(1,630)	-	(1,636)
	<u>1,538</u>	<u>3,712</u>	<u>1,435</u>	<u>6,685</u>

Deferred tax assets arising from carry-forward tax losses are accounted when the Group forecasts taxable profits in foreseeable future. The Group has recognized deferred tax assets amounting to TL 17,133, from the carried-forward tax losses amounting to TL 85,667.

Utilization period of carried-forward tax losses are as follows:

	2019	2018
2024	85,667	-
<b>Total</b>	<b>85,667</b>	<b>-</b>

As at 31 December 2018, current income tax liabilities amounting to TL 3,235 is comprised by tax provision for the year ended 31 December 2018.

As at 30 September 2019, the Group's current tax assets are TL 8,739 (31 December 2018: TL 35,178).

#### NOTE 22 - EARNINGS PER SHARE

Earnings per share is calculated by dividing net income attributable to equity holders of the Company for the period by the weighted average number of shares of the Company available during the period. For the nine and three month periods ended 30 September, earnings per share are calculated as follows:

	For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
Net profit attributable to the equity holders of the Company	(2,813)	128,950	41,297	(7,827)
Number of basic shares	198,000,000	198,000,000	198,000,000	198,000,000
<b>Basic/diluted earnings per share (in full TL)</b>	<b>(0.0142)</b>	<b>0.6513</b>	<b>0.2086</b>	<b>(0.0395)</b>



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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#### NOTE 23 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

##### 23.1 Due from Related Parties

As at 30 September 2019 and 31 December 2018, trade receivables from and payables to related parties comprise the following:

##### 23.1.1 Due from associates

	<u>30 September 2019</u>	<u>31 December 2018</u>
Yüce Auto	1,516	1,920
VDF	304	2,495
Other	-	2
<b>Total</b>	<b>1,820</b>	<b>4,417</b>

##### 23.1.2 Due from joint ventures

	<u>30 September 2019</u>	<u>31 December 2018</u>
TÜVTURK	11	1
<b>Total</b>	<b>11</b>	<b>1</b>

##### 23.1.3 Due from other related parties

	<u>30 September 2019</u>	<u>31 December 2018</u>
VDF Faktoring Hizmetleri A.Ş. ("VDF Faktoring")	424,277	380,746
VDF Sigorta Aracılık Hizmetleri A.Ş.	835	1,459
VDF Filo Kiralama A.Ş.	194	135
Other	82	114
<b>Total</b>	<b>425,388</b>	<b>382,454</b>

##### 23.1.4 Due from shareholders

	<u>30 September 2019</u>	<u>31 December 2018</u>
Doğuş Holding	-	387
<b>Total</b>	<b>-</b>	<b>387</b>
<b>Grand total</b>	<b>427,219</b>	<b>387,259</b>

As at 30 September 2019, the Group charges monthly 1% overdue interest to related parties (31 December 2018: 1% per month).

##### 23.1.5 Other receivables due from related parties

	<u>30 September 2019</u>	<u>31 December 2018</u>
Doğuş Teknoloji	5,438	-
VDF Filo Kiralama A.Ş.	564	-
<b>Total</b>	<b>6,002</b>	<b>-</b>
<b>Subtotal</b>	<b>6,002</b>	<b>-</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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#### NOTE 23 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

##### 23.2 Current prepayments due from related parties

###### 23.2.1 Current prepaid expenses

	<u>30 September 2019</u>	<u>31 December 2018</u>
Doğuş Spor Kompleksi Yatırım ve İşletme A.Ş.	1,020	467
Pozitif Arena Salon İşletmeleri A.Ş.	919	5,032
Other	280	1,470
<b>Total</b>	<b>2,219</b>	<b>6,969</b>

###### 23.2.2 Advances given to other related parties

	<u>30 September 2019</u>	<u>31 December 2018</u>
Antur Turizm A.Ş.	-	92
<b>Total</b>	<b>-</b>	<b>92</b>
<b>Grand total</b>	<b>2,219</b>	<b>7,061</b>

##### 23.3 Non-current prepayments due from related parties

###### 23.3.1 Non-current prepaid expenses

	<u>30 September 2019</u>	<u>31 December 2018</u>
Pozitif Müzik	32	-
Doğuş Teknoloji	4	18
Pozitif Arena Salon İşletmeleri A.Ş.	-	94
<b>Total</b>	<b>36</b>	<b>112</b>
<b>Grand total</b>	<b>36</b>	<b>112</b>

##### 23.4 Trade payables due to Related Parties

###### 23.4.1 Trade payables due to associates

	<u>30 September 2019</u>	<u>31 December 2018</u>
Yüce Auto	34,809	46,947
VDF	11,998	65,642
Doğuş Teknoloji	4,052	3,072
<b>Total</b>	<b>50,859</b>	<b>115,661</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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### NOTE 23 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### 23.4 Trade payables due to Related Parties (Continued)

##### 23.4.2 Trade payables due to other related parties

	<u>30 September 2019</u>	<u>31 December 2018</u>
Antur Turizm A.Ş.	4,954	724
VDF Filo Kiralama A.Ş.	182	110
Doğuş Yayın Grubu A.Ş.	-	184
VDF Sigorta Aracılık Hizmetleri A.Ş.	-	13
Other	1,882	1,748
<b>Total</b>	<b><u>7,018</u></b>	<b><u>2,779</u></b>

##### 23.4.3 Trade payables due to shareholders

	<u>30 September 2019</u>	<u>31 December 2018</u>
Doğuş Holding	1,301	1,147
<b>Total</b>	<b><u>1,301</u></b>	<b><u>1,147</u></b>
<b>Grand total</b>	<b><u>59,178</u></b>	<b><u>119,587</u></b>

#### 23.5 Related Party Transactions

Related party transactions for the nine and three month periods ended 30 September are as follows:

##### 23.5.1 Associates

	<u>For the nine month period ended 30 September 2019</u>	<u>For the nine month period ended 30 September 2018</u>	<u>For the three month period ended 30 September 2019</u>	<u>For the three month period ended 30 September 2018</u>
<b>Sales and other income generating transactions:</b>				
Sale of products and returns, net	11,212	9,914	3,165	3,632
Other income	15,819	19,981	6,347	5,376
Sale of services, net	417	312	145	105
<b>Total</b>	<b><u>27,448</u></b>	<b><u>30,207</u></b>	<b><u>9,657</u></b>	<b><u>9,113</u></b>
<b>Purchases and expense incurring transactions:</b>				
Inventory purchases	282,754	279,516	102,864	83,080
Incentives for consumer loans	55,215	28,669	27,953	1,747
Fixed asset purchases	14,900	18,300	5,674	5,871
Other purchases	35,475	29,389	14,145	11,908
Services rendered	12,969	9,365	4,228	3,173
Other expenses	291	216	60	87
<b>Total</b>	<b><u>401,604</u></b>	<b><u>365,455</u></b>	<b><u>154,924</u></b>	<b><u>105,866</u></b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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### NOTE 23 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### 23.5 Related Party Transactions (Continued)

##### 23.5.2 Joint ventures

	For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
<b>Sales and other income generating transactions:</b>				
Sale of products and returns, net	893	869	278	824
Sale of services, net	28	31	13	6
Other incomes	2	3	2	3
<b>Total</b>	<b>923</b>	<b>903</b>	<b>293</b>	<b>833</b>
<b>Purchases and expense incurring transactions:</b>				
Services rendered	21	27	3	16
Other purchases	1	-	1	-
<b>Total</b>	<b>22</b>	<b>27</b>	<b>4</b>	<b>16</b>

##### 23.5.3 Other related parties

###### a) Income generated from other related parties

	For the nine month period ended 30 September 2019			
	Sale of products	Sale of services	Other income from operating activities	Total
VDF Filo	68,059	2,138	117	70,314
VDF Sigorta	15	49	4,369	4,433
VDF Faktoring	3	3	-	6
Other	542	18	1,110	1,670
	<b>68,619</b>	<b>2,208</b>	<b>5,596</b>	<b>76,423</b>
	For the nine month period ended 30 September 2018			
	Sale of products	Sale of services	Other income from operating activities	Total
VDF Filo	126,833	754	387	127,974
VDF Sigorta	10	4	4,092	4,106
VDF Faktoring	1	-	-	1
Other	870	60	1,334	2,264
	<b>127,714</b>	<b>818</b>	<b>5,813</b>	<b>134,345</b>
	For the three month period ended 30 September 2019			
	Sale of Products	Sale of services	Other income from operating activities	Total
VDF Filo	37,058	827	55	37,940
Other	410	43	2,317	2,770
	<b>37,468</b>	<b>870</b>	<b>2,372</b>	<b>40,710</b>
	For the three month period ended 30 September 2018			
	Sale of products	Sale of services	Other income from operating activities	Total
VDF Filo	38,034	316	57	38,407
VDF Sigorta	3	-	1,215	1,218
Other	376	26	584	986
	<b>38,413</b>	<b>342</b>	<b>1,856</b>	<b>40,611</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

### NOTE 23 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### 23.5.3 Other related parties (Continued)

#### b) Expenses arising from transactions with other related parties

For the nine month period ended 30 September 2019							
	Services Rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
Antur Turizm	11,697	-	-	-	201	474	12,372
Doğuş Gayrimenkul Yatırım Ortaklığı	13,957	-	-	-	-	5,234	19,191
VDF Sigorta	67	-	-	-	-	69	136
Other	8,157	12	3,274	4,087	1,557	2,108	19,195
	<b>33,878</b>	<b>12</b>	<b>3,274</b>	<b>4,087</b>	<b>1,758</b>	<b>7,885</b>	<b>50,894</b>
For the nine month period ended 30 September 2018							
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
Antur Turizm	12,727	-	-	-	593	153	13,473
Doğuş Gayrimenkul Yatırım Ortaklığı	15,920	-	-	-	-	-	15,920
Doğuş Enerji Toptan Elektrik	4,635	-	-	-	-	-	4,635
VDF Sigorta	71	-	-	-	48	259	378
Other	11,666	96	10,155	22,276	1,034	7,879	53,106
	<b>45,019</b>	<b>96</b>	<b>10,155</b>	<b>22,276</b>	<b>1,675</b>	<b>8,291</b>	<b>87,512</b>
For the three month period ended 30 September 2019							
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
Antur Turizm	6,116	-	-	-	45	474	6,635
Doğuş Gayrimenkul Yatırım Ortaklığı	693	-	-	-	-	5,234	5,927
Other	227	-	777	1,798	539	1,768	5,109
	<b>7,036</b>	<b>-</b>	<b>777</b>	<b>1,798</b>	<b>584</b>	<b>7,476</b>	<b>17,671</b>

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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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### NOTE 23 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### 23.5.3 Other related parties (Continued)

	For the three month period ended 30 September 2018						Other expenses from operating activities	Total
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases			
Antur Turizm	1,540	-	-	-	383	54	1,977	
Doğuş Gayrimenkul Yatırım Ortaklığı	5,934	-	-	-	-	-	5,934	
Doğuş Enerji Toptan Elektrik	1,353	-	-	-	-	-	1,353	
VDF Sigorta	46	-	-	-	-	148	194	
Other	3,218	-	1,015	16,018	472	2,003	22,726	
	<b>12,091</b>	<b>-</b>	<b>1,015</b>	<b>16,018</b>	<b>855</b>	<b>2,205</b>	<b>32,184</b>	

#### 23.5.4 Transactions with shareholders

##### a) Income generated from shareholders

	For the nine month period ended 30 September 2019			
	Sale of Products	Sale of services	Income from investing activities	Total
Doğuş Holding	10	3	-	13
Doğuş ARGE	-	-	-	-
	<b>10</b>	<b>3</b>	<b>-</b>	<b>13</b>

	For the nine month period ended 30 September 2018			
	Sale of products	Sale of services	Income from investing activities	Total
Doğuş Holding	74	75	-	149
Doğuş ARGE	131	-	-	131
	<b>205</b>	<b>75</b>	<b>-</b>	<b>280</b>

	For the three month period ended 30 September 2019			
	Sale of Products	Sale of services	Income from investing activities	Total
Doğuş Holding	6	1	-	7
	<b>6</b>	<b>1</b>	<b>-</b>	<b>7</b>

	For the three month period ended 30 September 2018			
	Sale of Products	Sale of services	Income from investing activities	Total
Doğuş Holding	3	3	-	6
	<b>3</b>	<b>3</b>	<b>-</b>	<b>6</b>

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#### NOTE 23 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

##### 23.5 Related Party Transactions (Continued)

##### 23.5.4 Transactions with shareholders (Continued)

##### b) Expenses arising from transactions with shareholders

For the nine month period ended 30 September 2019					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other purchases	Total
Doğuş Holding	5,362	6	201	4,001	9,570
	<b>5,362</b>	<b>6</b>	<b>201</b>	<b>4,001</b>	<b>9,570</b>
For the nine month period ended 30 September 2018					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other expenses from operating activities	Total
Doğuş Holding	12,405	2	507	223	13,137
	<b>12,405</b>	<b>2</b>	<b>507</b>	<b>223</b>	<b>13,137</b>
For the three month period ended 30 September 2019					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other purchases	Total
Doğuş Holding	1,706	-	201	1,191	3,098
	<b>1,706</b>	<b>-</b>	<b>201</b>	<b>1,191</b>	<b>3,098</b>
For the three month period ended 30 September 2018					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other expenses from operating activities	Total
Doğuş Holding	3,471	-	-	-	3,471
	<b>3,471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,471</b>

##### 23.6 Key Management Personnel Compensation

	For the nine month period ended 30 September 2019	For the nine month period ended 30 September 2018	For the three month period ended 30 September 2019	For the three month period ended 30 September 2018
Salaries and other short-term				
employee benefits	30,538	26,721	11,535	4,887
<b>Total</b>	<b>30,538</b>	<b>26,721</b>	<b>11,535</b>	<b>4,887</b>

The Group classifies members of the board of directors and senior executives who have administrative responsibilities as key management personnel, since they are responsible for the planning, management and control of the Group's operations.

Remuneration of board of directors and executive management for the nine month periods ended 30 September 2019 and 2018 includes salaries, health insurance and employer shares of Social Security Institution.

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#### NOTE 24 - FINANCIAL INSTRUMENTS

##### Financial instruments and capital risk management

###### *Financial risk factors*

The Group's objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital structure includes payables including loans and respectively cash and cash equivalents, paid-in capital, reserves and retained earnings.

The board of directors monitors the return on capital and the level of dividends to ordinary shareholders.

The Group monitors its share capital by using financial liability to equity ratio. The ratio is calculated by dividing financial liabilities deducting to cash and cash equivalents to equity. Total of financial liabilities comprises entire current and non-current financial liabilities whereas total equity comprises each equity item on the statement of financial position.

The following table sets out the Group's financial liability to equity ratio as at 30 September 2019 and 31 December 2018:

	<u>30 September 2019</u>	<u>31 December 2018</u>
Total financial liabilities	2,785,538	2,710,665
Cash and cash equivalents	(772,214)	(365,892)
<b>Total financial liabilities, net</b>	<b>2,013,324</b>	<b>2,344,773</b>
Total equity	1,325,986	1,307,872
<b>Financial liabilities/equity ratio</b>	<b>1.52</b>	<b>1.79</b>

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The risk management program is applied by the Company and its subsidiaries, joint ventures and associates in line with the policies set by the board of directors.

###### *(a) Credit risk*

The Group's significant portions of receivables from dealers are collected through VDF Faktoring. The receivables from dealers through VDF Faktoring are collected when they are due and these are irrevocable transactions.



# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and capital risk management (Continued)

#### Financial risk factors (Continued)

#### (a) Credit risk (Continued)

The credit risk arising from these dealer and customer transactions are followed by the management and these risks are limited for each debtor. These risks arising from relevant receivables are guaranteed with proper instruments (Note 8).

30 September 2019	Receivables				Bank deposits	Derivative instruments	Other
	Trade receivables		Other receivables				
	Related parties	Other parties	Related parties	Other parties			
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D) (*)</b>	427,219	194,539	6,002	139,670	772,085	-	-
- Guaranteed portion of the maximum exposure	-	62,885	-	-	-	-	-
<b>A, Net carrying amount of financial assets which are neither impaired nor overdue (**)</b>	426,717	185,221	6,002	139,670	772,085	-	-
<b>B, Net carrying amount of financial assets which are overdue but not impaired (***)</b>	502	9,318	-	-	-	-	-
<b>C, Net carrying amount of impaired assets</b>	-	-	-	-	-	-	-
- Past due (gross book value)	-	2,592	-	-	-	-	-
- Impairment (-)	-	(2,592)	-	-	-	-	-
- Guaranteed portion of net values (*)	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Guaranteed portion of net values (*)	-	62,885	-	-	-	-	-
<b>D, Off financial statement items with credit risks (****)</b>	-	-	-	-	-	-	-

(\*) This area indicates the total of the figures placed in A, B, C and D lines. In determination of aforementioned figures, items increasing credit reliability such as guarantees received are not considered.

(\*\*) As at 30 September 2019 and 31 December 2018, information regarding to credit quality of trade receivables which are not past due or not impaired and restructured are indicated in Note 8.

(\*\*\*) As at 30 September 2019 and 31 December 2018, information regarding to aging of receivables which are past due but not impaired are indicated in the table of aging analysis of receivables which are past due but not impaired.

(\*\*\*\*) As at 30 September 2019 and 31 December 2018, maximum level of credit risk born in relation to letter of guarantees given in favor of related parties are indicated.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and capital risk management (Continued)

#### Financial risk factors (Continued)

#### (a) Credit risk (Continued)

31 December 2018	Receivables				Bank deposits	Derivative instruments	Other
	Trade receivables		Other receivables				
	Related parties	Other parties	Related parties	Other parties			
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D) (*)</b>	387,259	256,279	-	323,655	365,772	-	-
- Guaranteed portion of the maximum exposure	-	95,655	-	-	-	-	-
<b>A. Net carrying amount of financial assets which are neither impaired nor overdue (**)</b>	387,259	238,114	-	323,655	365,772	-	-
<b>B. Net carrying amount of financial assets which are overdue but not impaired (***)</b>	-	18,165	-	-	-	-	-
<b>C. Net carrying amount of impaired assets</b>	-	-	-	-	-	-	-
- Past due (gross book value)	-	1,749	-	-	-	-	-
- Impairment (-)	-	(1,749)	-	-	-	-	-
- Guaranteed portion of net values (*)	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Guaranteed portion of net values (*)	-	95,655	-	-	-	-	-
<b>D. Off financial statement items with credit risks (****)</b>	-	-	-	-	-	-	-

(\*) This area indicates the total of the figures placed in A, B, C and D lines. In determination of aforementioned figures, items increasing credit reliability such as guarantees received are not considered.

(\*\*) As at 30 September 2019 and 31 December 2018, information regarding to credit quality of trade receivables which are not past due or not impaired and restructured are indicated in Note 8.

(\*\*\*) As at 30 September 2019 and 31 December 2018, information regarding to aging of receivables which are past due but not impaired are indicated in the table of aging analysis of receivables which are past due but not impaired.

(\*\*\*\*) As at 30 September 2019 and 31 December 2018, maximum level of credit risk born in relation to letter of guarantees given in favor of related parties are indicated.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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#### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

##### Financial instruments and capital risk management (Continued)

##### Financial risk factors (Continued)

##### (a) Credit risk (Continued)

##### Aging of past due receivables that are not impaired

As at 30 September 2019 and 31 December 2018, the aging of past due receivables that are not impaired are as follows:

30 September 2019	Receivables		Deposits on banks	Derivative instruments	Other
	Trade receivables	Other receivables			
Past due 1-30 days	9,820	-	-	-	-
Past due 1-3 months	-	-	-	-	-
Past due 3-12 months	-	-	-	-	-
Past due 1-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Portion of assets overdue secured by guarantee etc.	464	-	-	-	-

31 December 2018	Receivables		Deposits on banks	Derivative instruments	Other
	Trade receivables	Other receivables			
Past due 1-30 days	15,738	-	-	-	-
Past due 1-3 months	784	-	-	-	-
Past due 3-12 months	1,643	-	-	-	-
Past due 1-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Portion of assets overdue secured by guarantee etc.	31	-	-	-	-

##### (b) Liquidity risk

Liquidity risk management refers to capacity of holding adequate amount of cash and marketable securities, adequate credit lines and ability to close out market position.

Risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group, in order to minimize liquidity risk, holds adequate cash and available line of credit (including factoring capacity). In this regard, as at 30 September 2019, the Group have lines of credit amounting to EUR 889,352, USD 388,500, CHF 5,000 and TL 3,728,772 (31 December 2018: lines of credit amounting to EUR 692,852, USD 388,500, CHF 5,000 and TL 3,303,772). The utilized portions of the aforementioned total credit lines are disclosed in Note 7.

In addition, the Group has a non-cash credit line obtained from underwriting banks amounting to Euro 273,035 equivalent to TL 1,688,339 (31 December 2018: EUR 405,535 equivalent to TL 2,444,565) that enables the Group to perform credit purchases from original equipment manufacturers with an option to pay in 12 months. The Group's credit purchase limit based on the letters of guarantee given to the main foreign suppliers of which EUR 140,931 equivalent to TL 871,463 is not used as at 30 September 2019.

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### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and capital risk management (Continued)

##### Financial risk factors (Continued)

##### (b) Liquidity risk (Continued)

The below tables show the financial liabilities of the Group according to their remaining maturities as at 30 September 2019 and 31 December 2018:

30 September 2019						
Contractual maturities	Carrying amount	Total contractual cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Loans and borrowings	2,680,802	2,953,683	1,165,242	1,788,441	-	-
Trade payables to related parties	59,178	59,178	59,178	-	-	-
Trade payables to third parties	913,528	913,528	182,221	731,307	-	-
Employee benefit obligations	10,078	10,078	10,078	-	-	-
Lease liabilities	104,736	185,542	8,393	21,074	129,540	26,535
Other current liabilities (*)	8,430	8,430	8,430	-	-	-
<b>Total non-derivative financial liabilities</b>	<b>3,776,752</b>	<b>4,130,439</b>	<b>1,433,542</b>	<b>2,540,822</b>	<b>129,540</b>	<b>26,535</b>
31 December 2018						
Contractual maturities	Carrying amount	Total contractual cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Loans and borrowings	2,710,665	2,914,135	1,198,338	1,648,390	67,407	-
Trade payables to related parties	119,587	119,587	119,587	-	-	-
Trade payables to third parties	434,585	434,585	222,732	211,853	-	-
Employee benefit obligations	18,760	18,760	18,760	-	-	-
Other current liabilities (*)	288	288	288	-	-	-
<b>Total non-derivative financial liabilities</b>	<b>3,283,885</b>	<b>3,487,355</b>	<b>1,559,705</b>	<b>1,860,243</b>	<b>67,407</b>	<b>-</b>

(\*) Non-financial items such as VAT payable is excluded from other short-term liabilities.

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### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and capital risk management (Continued)

##### Financial risk factors (Continued)

##### (c) Currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency denominated payables to original equipment manufacturers and borrowings from financial institutions. This risk is monitored by the board of directors through periodic meetings. The Group's foreign currency position is managed through taking limited positions within limits recommended by executive board and approved by board of directors as well using derivative instruments where necessary.

To minimize the risk arising from foreign currency denominated balance sheet items, the Group utilizes derivative instruments as well as keeping part of its idle cash in foreign currencies. In addition, translation of cost of goods-in-transit until completion of the customs transactions, in accordance with the customs law provides a natural hedge.

Currency sensitivity analysis		
30 September 2019		
	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1- Net USD asset/liability	(92)	92
2- USD risk averse portion (-)	-	-
<b>3- Net USD effect (1+2)</b>	<b>(92)</b>	<b>92</b>
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	(13,490)	13,490
5- Euro risk averse portion (-)	-	-
<b>6- Net Euro effect (4+5)</b>	<b>(13,490)</b>	<b>13,490</b>
<b>TOTAL (3+6)</b>	<b>(13,582)</b>	<b>13,582</b>

Currency sensitivity analysis		
31 December 2018		
	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 20% of USD against TL		
1- Net USD asset/liability	(71)	71
2- USD risk averse portion (-)	-	-
<b>3- Net USD effect (1+2)</b>	<b>(71)</b>	<b>71</b>
Assumption of devaluation/appreciation by 20% of EUR against TL		
4- Net Euro asset/liability	(61,087)	61,087
5- Euro risk averse portion (-)	-	-
<b>6- Net Euro effect (4+5)</b>	<b>(61,087)</b>	<b>61,087</b>
<b>TOTAL (3+6)</b>	<b>(61,158)</b>	<b>61,158</b>

Currency sensitivity analysis		
30 September 2018		
	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1- Net USD asset/liability	(266)	266
2- USD risk averse portion (-)	-	-
<b>3- Net USD effect (1+2)</b>	<b>(266)</b>	<b>266</b>
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	38,307	(38,307)
5- Euro risk averse portion (-)	-	-
<b>6- Net Euro effect (4+5)</b>	<b>38,307</b>	<b>(38,307)</b>
<b>TOTAL (3+6)</b>	<b>38,041</b>	<b>(38,041)</b>

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### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and capital risk management (Continued)

##### Financial risk factors (Continued)

##### (c) Currency risk (Continued)

Foreign exchange rates for USD, EUR and Swiss Franc as at 30 September 2019, 31 December 2018 and 30 September 2018 are as follows:

	<u>30 September 2019</u>	<u>31 December 2018</u>	<u>30 September 2018</u>
USD	5.6591	5.2609	5.9902
EUR	6.1836	6.0280	6.9505
CHF	5.6857	5.3352	6.1211

As at 30 September 2019, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	<u>30 September 2019</u>				
	<u>Total TL equivalent</u>	<u>Original balances</u>			
		<u>USD</u>	<u>Euro</u>	<u>CHF</u>	<u>Other</u>
<b>Assets:</b>					
Trade receivables	173	-	28	-	-
Monetary financial assets	369,013	4	59,665	6	10
Other monetary assets	965,618	20	155,219	1,000	12
<b>Total assets</b>	<b>1,334,804</b>	<b>24</b>	<b>214,912</b>	<b>1,006</b>	<b>22</b>
Trade payables	823,614	186	133,023	-	-
Financial liabilities	634,889	-	102,673	-	-
Other monetary liabilities	247	-	40	-	-
<b>Current liabilities</b>	<b>1,458,750</b>	<b>186</b>	<b>235,736</b>	<b>-</b>	<b>-</b>
Financial liabilities	6,134	-	992	-	-
<b>Non-current liabilities</b>	<b>6,134</b>	<b>-</b>	<b>992</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,464,884</b>	<b>186</b>	<b>236,728</b>	<b>-</b>	<b>-</b>
<b>Net foreign currency liability position of derivative financial liabilities off statement of financial position</b>					
<b>Net foreign currency (liability)/asset position</b>	<b>(130,080)</b>	<b>(162)</b>	<b>(21,816)</b>	<b>1,006</b>	<b>22</b>
<b>Monetary items net foreign (liability)/asset position</b>					
Sureties and letters of guarantee taken	15,077	375	2,095	-	-
Sureties and letters of guarantee given	2,032,914	-	328,759	-	-
Import	4,307,421	-	696,588	-	-

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### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and capital risk management (Continued)

#### Financial risk factors (Continued)

#### (c) Currency risk (Continued)

As at 31 December 2018, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	31 December 2018				
	Total TL equivalent	Original balances			
		USD	Euro	CHF	Other
<b>Assets:</b>					
Trade receivables	1,943	37	290	-	-
Monetary financial assets	127,033	44	21,031	4	5
Other monetary assets	532,655	57	87,411	1,017	1
<b>Total assets</b>	<b>661,631</b>	<b>138</b>	<b>108,732</b>	<b>1,021</b>	<b>6</b>
Trade payables	346,515	203	57,300	8	-
Financial liabilities	615,278	-	102,070	-	-
Other monetary liabilities	191	2	30	-	-
<b>Current liabilities</b>	<b>961,984</b>	<b>205</b>	<b>159,400</b>	<b>8</b>	<b>-</b>
Financial liabilities	-	-	-	-	-
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>961,984</b>	<b>205</b>	<b>159,400</b>	<b>8</b>	<b>-</b>
<b>Net foreign currency liability position of derivative financial liabilities off statement of financial position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net foreign currency (liability)/asset position</b>	<b>(300,353)</b>	<b>(67)</b>	<b>(50,668)</b>	<b>1,013</b>	<b>6</b>
<b>Monetary items net foreign (liability)/asset position</b>					
Sureties and letters of guarantee taken	28,085	376	4,331	-	-
Sureties and letters of guarantee given	2,780,156	-	461,207	-	-
Import	9,715,117	-	1,611,665	-	-

As at 30 September 2019, goods-in-transit of the Group amount to EUR 137,218 equivalent to TL 848,499 (31 December 2018: EUR 58,384 equivalent to TL 351,936).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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#### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

##### Financial instruments and capital risk management (Continued)

##### *Financial risk factors (Continued)*

##### *(d) Market risk*

The Group is exposed to market risk through holding shares of Doğuş Holding.

Even though the shares of Doğuş Holding are not quoted in the capital market, fair value of the Doğuş Holding's shares is determined by using market information of publicly held Doğuş Holding group companies and other valuation methodologies are used for remaining Doğuş Holding group companies. Therefore, value of Doğuş Holding recognized in the financial statements is affected by price fluctuations in the shares of publicly held Doğuş Holding group companies.

Under the assumption of 10% increase/decrease in share prices as at 30 September 2019, all other variables held constant, the Group's equity would have been increased/decreased by TL 6,406 (31 December 2018: TL 4,824).

##### *(e) Interest rate risk*

As of 30 September 2019 and 31 December 2018, the Group does not have any floating interest rate loans.

##### *(f) Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date except involuntary liquidation or distress sale. When available, the quoted price in an active market provide the best estimate of its fair value.

If a quoted market price is not available, the Group using available market information and appropriate valuation methodologies estimates the fair value of the instrument. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates made are not necessarily indicative of the amounts that could be realized in current market exchange.

##### *Financial assets*

The principles used in determining the fair values of financial assets and liabilities are as follows:

Cash and cash equivalents are presented on cost basis and are assumed to reflect their fair values as they are liquid and classified as current assets.

Trade receivables are presented netted off related doubtful portion of the receivable and are assumed to reflect their fair value.

Since Doğuş Holding is not a publicly traded, fair value of Doğuş Holding is determined by using current market information's for publicly traded companies under Doğuş Holding governance. Fair value of Doğuş Holding is also determined by using other valuation methods for non-public companies under Doğuş Holding governance. Therefore Doğuş Holding presented under financial assets is assumed to reflect its fair value.



## DOĐUŐ OTOMOTİV SERVİS VE TİCARET A.Ő.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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#### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

##### Financial instruments and capital risk management (Continued)

##### *Financial risk factors (Continued)*

##### *Financial liabilities*

Short-term TL denominated bank borrowings are assumed to converge to its fair value. Some of long-term borrowings, denominated in foreign currency and TL are assumed to reflect their fair value due to their floating rates. Long-term and fixed rate borrowings are considered to converge to its fair value, when it is valued with fixed interest rate valid as of the balance sheet date.

Since trade payables are short-term and foreign currency denominated, they are assumed to reflect their fair values. Estimated fair value of financial instruments is determined by the Group using the existing market information or appropriate valuation methods, if possible.

However, market value may not reflect the fair value as contentment is used in finding out the expected fair value. Therefore, except for mentioned assumptions, inputs for the financial asset or liabilities which are not based on observable market data (unobservable inputs) and the Group utilize for their contentment regarding fair value analysis, are considered as level 3 in relation to valuation method for comparable fair value analysis of long-term financial liabilities under the classifications defined.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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#### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

##### Financial instruments and capital risk management (Continued)

##### Financial risk factors (Continued)

##### (f) Fair value (Continued)

As 30 September 2019 and 31 December 2018, net carrying amounts and fair values of assets and liabilities as shown below:

30 September 2019	Loans and receivables	Financial assets measured at fair value through other comprehensive income	Financial liabilities at amortised cost	Net carrying amount	Fair value	Note
<u>Financial assets</u>						
Cash and cash equivalents	772,214	-	-	772,214	772,214	5
Financial investments	-	589,522	-	589,522	589,522	6
Trade receivables from third parties	194,539	-	-	194,539	194,539	-
Other receivables from third parties	139,670	-	-	139,670	139,670	-
Trade receivables from related parties	427,219	-	-	427,219	427,219	23.1
Other receivables from related parties	6,002	-	-	6,002	6,002	23.1
<u>Financial liabilities</u>						
Trade payables to third parties	-	-	913,528	913,528	913,528	8.2
Trade payables to related parties	-	-	59,178	59,178	59,178	23.4
Borrowings	-	-	2,785,538	2,785,538	2,785,538	7

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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#### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

##### Financial instruments and capital risk management (Continued)

##### Financial risk factors (Continued)

##### (f) Fair value (Continued)

<u>31 December 2018</u>	<u>Loans and receivables</u>	<u>Financial assets measured at fair value through other comprehensive income</u>	<u>Financial liabilities at amortized cost</u>	<u>Net carrying amount</u>	<u>Fair value</u>	<u>Note</u>
<u>Financial assets</u>						
Cash and cash equivalents	365,892	-	-	365,892	365,892	5
Financial investments	-	567,259	-	567,259	567,259	6
Trade receivables from third parties	256,279	-	-	256,279	256,279	-
Other receivables from third parties	323,655	-	-	323,655	323,655	-
Trade receivables from related parties	387,259	-	-	387,259	387,259	23.1
Other receivables from related parties	-	-	-	-	-	23.1
<u>Financial liabilities</u>						
Trade payables to third parties	-	-	434,585	434,585	434,585	8.2
Trade payables to related parties	-	-	119,587	119,587	119,587	23.4
Borrowings	-	-	2,710,665	2,710,665	2,710,665	7

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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#### NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

##### Financial instruments and capital risk management (Continued)

##### Financial risk factors (Continued)

##### (f) Fair value (Continued)

##### Classification regarding fair value measurement

“IFRS 7 - Financial Instruments: Disclosure” requires the companies to disclose the classification and hierarchy of the data used in determining the fair values of the financial instruments. The basis for the hierarchy is dependent on whether the data used in fair value calculation is observable or not. Observable inputs mean that the Group using market inputs derived from independent sources and unobservable inputs mean that the Group using market expectation and assumptions. This distinction leads to classifications presented as below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market. (unobservable inputs).

Classification requires use observable market inputs where available. In this respect, fair value classifications of financial assets which are valued with their fair values are as follows:

	30 September 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Available-for-sale financial assets (Note 6)	-	589,522	-	589,522
<b>Total financial assets</b>	-	<b>589,522</b>	-	<b>589,522</b>
	31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Available-for-sale financial assets (Note 6)	-	567,259	-	567,259
<b>Total financial assets</b>	-	<b>567,259</b>	-	<b>567,259</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER

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#### NOTE 25 – RIGHT OF USE ASSET

The Group has capitalized the right of use asset amounting to TL 140,771 during the period. As of 30 September 2019, the net book value of the right of use assets is TL 118,160. As of 30 September 2019 and 1 January 2019, the balances of the right to use assets and the depreciation and amortization expenses during the period are as follows:

	Showroom and area leases	Motor vehicles	Total
Right-of-use asset - 1 January 2019	128,215	12,556	140,771
Additions	4,689	1,406	6,095
Depreciation expenses	(24,594)	(4,112)	(28,706)
<b>Right-of-use asset - 30 September 2019</b>	<b>108,310</b>	<b>9,850</b>	<b>118,160</b>

As of 30 September 2019, TL 28,706 depreciation expense arising from the usage rights is accounted under general administrative expenses.

#### NOTE 26 - SUBSEQUENT EVENTS

The Board of Directors have decided to distribute cash dividend amounting to TL 135,000, which is TL 0.62 in gross (TL 0.52 net) per each share, as at meeting dated 30 October 2019. It has been decided to submit this decision to the approval of the Extraordinary General Assembly Meeting which will be held on 28 November 2019.

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