DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY- 31 MARCH 2020 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 Doğuş Otomotiv Servis ve Ticaret A.Ş.

Introduction

1. We have reviewed the accompanying condensed balance sheet of Doğuş Otomotiv Servis ve Ticaret A.Ş. (the "Company"), its subsidiaries and its joint ventures ("collectively referred as the "Group") as at 31 March 2020, 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 three-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.

Emphasis of matter - the impact of Covid 19

3. *We draw attention to Note 2.7 to the financial statements, which describes the effects of Covid-19 outbreak on the Company. Our opinion is not modified in respect of this matter.*

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Conclusion

4. 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.

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

Cihan Harman, SMMM
Partner

Istanbul, 9 June 2020

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2020 AND 31 DECEMBER 2019

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

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020 AND 31 DECEMBER 2019

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

	Notes	Reviewed 31 March 2020	Audited 31 December 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	371,212	648,342
Trade receivables		766,782	745,346
Trade receivables due from related parties	*22.1*	*542,986*	*542,311*
Trade receivables due from third parties	*8.1*	*223,796*	*203,035*
Other receivables		88,014	135,510
Other receivables due from related parties	*22.2*	*5,142*	*5,460*
Other receivables due from third parties	*9*	*82,872*	*130,050*
Inventories	10	1,260,354	935,907
Prepayments		45,271	33,844
Current income tax assets	20	2,372	9,004
Other current assets		2,061	6,672
Total current assets		**2,536,066**	**2,514,625**
NON-CURRENT ASSETS			
Financial investments		561,463	561,463
Financial assets measured at fair value through other comprehensive income	*6*	*561,463*	*561,463*
Other receivables		7,460	6,771
Other receivables due from related parties		*1,174*	*1,335*
Other receivables due from third parties		*6,286*	*5,436*
Investments accounted for using equity method	11	505,076	452,264
Investment property	13	107,017	107,658
Property, plant and equipment	12	844,647	847,759
Right of use asset	24	102,816	111,005
Intangible assets		35,759	34,394
Prepayments		1,339	2,607
Deferred tax asset	20	14,340	26,398
Total non-current assets		**2,179,917**	**2,150,319**
TOTAL ASSETS		**4,715,983**	**4,664,944**

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020 AND 31 DECEMBER 2019

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

	Notes	Reviewed 31 March 2020	Audited 31 December 2019
LIABILITIES			
CURRENT LIABILITIES			
Current borrowings	7	2,096,343	2,138,073
Short-term portion of long-term borrowings	7	51,473	63,860
Trade payables		690,095	713,263
Trade payables to related parties	*22.5*	*24,188*	*47,573*
Trade payables to third parties	*8.2*	*665,907*	*665,690*
Employee benefit obligations		9,355	18,648
Deferred income		42,000	24,098
Current tax liabilities	20	3,418	6,440
Current provisions		44,774	42,350
Other current provisions	*14*	*44,774*	*42,350*
Other current liabilities	15	70,808	86,438
Total current liabilities		**3,008,266**	**3,093,170**
NON-CURRENT LIABILITIES			
Long-term borrowings	7	247,269	236,119
Deferred income		5,752	6,087
Non-current provisions		77,462	77,027
Non-current provisions for employee benefits		*53,419*	*50,280*
Other long-term provisions		*24,043*	*26,747*
Deferred tax liabilities	20	486	-
Total non-current liabilities		**330,969**	**319,233**
TOTAL LIABILITIES		**3,339,235**	**3,412,403**
EQUITY			
Equity attributable to equity holders of the Company		**1,368,603**	**1,245,251**
Issued capital	16	220,000	220,000
Inflation adjustment on capital	16	23,115	23,115
Treasury shares (-)	16	(220,310)	(220,310)
Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss		(25,114)	(24,322)
Gains (losses) on revaluation and remeasurement		*(25,114)*	*(24,322)*
Gains (losses) on remeasurements of defined benefit plans		*(25,114)*	*(24,322)*
Other accumulated comprehensive income (loss) that will be reclassified in profit or loss		481,388	481,376
Exchange differences on translation	*16*	*2,059*	*2,047*
Gains (losses) on revaluation and reclassification		*479,329*	*479,329*
Gains (losses) from financial assets measured at fair value through other comprehensive income	*16*	*479,329*	*479,329*
Restricted reserves appropriated from profits	16	397,068	397,068
Legal reserves		*127,493*	*127,493*
Treasury share reserves		*220,310*	*220,310*
Other restricted profit reserves		*49,265*	*49,265*
Prior years' profit or losses	16	368,324	292,547
Profit (loss) for the period		124,132	75,777
Non-controlling interests	16	**8,145**	**7,290**
TOTAL EQUITY		**1,376,748**	**1,252,541**
TOTAL EQUITY AND LIABILITIES		**4,715,983**	**4,664,944**

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 THREE MONTH PERIOD ENDED 31 MARCH

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

	Notes	Reviewed 31 March 2020	Reviewed 31 March 2019
Revenue		3,181,218	1,808,534
Cost of sales		(2,765,925)	(1,553,795)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		**415,293**	**254,739**
GROSS PROFIT (LOSS)		**415,293**	**254,739**
General administrative expenses	17.2	(109,026)	(101,846)
Marketing expenses	17.1	(77,967)	(76,859)
Other income from operating activities		17,490	27,157
Other expenses from operating activities		(27,194)	(19,009)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**218,596**	**84,182**
Investment activity income	18	6,507	9,589
Share of profit (loss) from investments accounted for using equity method	11	51,870	(8,928)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**276,973**	**84,843**
Finance income	19	13,104	22,698
Finance costs	19	(140,939)	(182,939)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		**149,138**	**(75,398)**
Tax (expense) income, continuing operations		**(24,151)**	**7,419**
Current period tax (expense) income	20	(11,383)	(614)
Deferred tax (expense) income	20	(12,768)	8,033
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**124,987**	**(67,979)**
PROFIT (LOSS)		**124,987**	**(67,979)**
Profit (loss), attributable to			
Non-controlling interests		**855**	**1,497**
Owners of parent		**124,132**	**(69,476)**
Basic earnings per share			
Basic earnings (loss) per share from continuing operations	21	**0.6269**	**(0.3509)**
Diluted earnings per share			
Diluted earnings (loss) per share from continuing operations	21	**0.6269**	**(0.3509)**

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

CONDENSED CONSOLIDATED INTERIM OTHER COMPREHENSIVE PROFIT OR LOSS STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH

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

	Notes	Reviewed 31 March 2020	Reviewed 31 March 2019
PROFIT (LOSS)		**124,987**	**(67,979)**
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss		**(792)**	**(814)**
Gains (losses) on remeasurements of defined benefit plans		(1,016)	(1,017)
Taxes related to components of other compherensive income that will not be reclassified to profit or loss		224	203
Taxes relating to measurements of defined benefit plans	*20*	*224*	*203*
Other comprehensive income that will be reclassified to profit or loss		**12**	**748**
Exchange differences on translation		12	378
Other comprehensive income (loss) related with financial assets measured at fair value through other comprehensive income		-	367
Gains (losses) on financial assets measured at fair value through other comprehensive income	*6*	*-*	*367*
Share of other comprehensive income of associates and joint ventures accounted for equity method that will be reclassified to profit or loss	11	-	21
Taxes relating to components of other comprehensive income that will be reclassified to profit or loss		-	(18)
Taxes relating to financial assets measured at fair value through other comprehensive income	*20*	*-*	*(18)*
OTHER COMPREHENSIVE INCOME (LOSS)		**(780)**	**(66)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**124,207**	**(68,045)**
Total comprehensive income attributable to			
Non-controlling interests		855	1,497
Owners of parent		123,352	(69,542)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH

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

				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			Accumulated earnings				
	Issued capital (Note 16)	Inflation adjustments on capital (Note 16)	Treasury shares (Note 16)	Gains / losses on remeasurements of defined benefit plans	Foreign currency translation difference (Note 16)	Gains / losses on remeasuring of financial assets measured at fair value through other comprehensive income (Note 16)	Restricted reserve (Note 16)	Retained earnings / (Accumulated losses)	Net profit / loss for the period	Equity attributable to equity holders of the Company	Non-controlling interests (Note 16)	Total Equity
Balance at 1 January 2019	**220,000**	**23,115**	**(220,288)**	**(20,519)**	**1,473**	**486,690**	**460,402**	**217,534**	**133,157**	**1,301,564**	**6,308**	**1,307,872**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**133,157**	**(133,157)**	**-**	**-**	**-**
Total comprehensive income (loss)	**-**	**-**	**-**	**(814)**	**378**	**370**	**-**	**-**	**(69,476)**	**(69,542)**	**1,497**	**(68,045)**
Profit (loss) for the period	-	-	-	-	-	-	-	-	(69,476)	(69,476)	1,497	(67,979)
Other comprehensive income (loss)	-	-	-	(814)	378	370	-	-	-	(66)	-	(66)
Balance at 31 March 2019	**220,000**	**23,115**	**(220,288)**	**(21,333)**	**1,851**	**487,060**	**460,402**	**350,691**	**(69,476)**	**1,232,022**	**7,805**	**1,239,827**
Balance at 1 January 2020	**220,000**	**23,115**	**(220,310)**	**(24,322)**	**2,047**	**479,329**	**397,068**	**292,547**	**75,777**	**1,245,251**	**7,290**	**1,252,541**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**75,777**	**(75,777)**	**-**	**-**	**-**
Total comprehensive income (loss)	**-**	**-**	**-**	**(792)**	**12**	**-**	**-**	**-**	**124,132**	**123,352**	**855**	**124,207**
Profit (loss) for the period	-	-	-	-	-	-	-	-	124,132	124,132	855	124,987
Other comprehensive income (loss)	-	-	-	(792)	12	-	-	-	-	(780)	-	(780)
Balance at 31 March 2020	**220,000**	**23,115**	**(220,310)**	**(25,114)**	**2,059**	**479,329**	**397,068**	**368,324**	**124,132**	**1,368,603**	**8,145**	**1,376,748**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE THREE MONTH PERIOD ENDED 31 MARCH

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

	Notes	Reviewed 31 March 2020	 31 March 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		**(106,806)**	**266,408**
Profit (loss) for the period		124,987	(67,979)
Adjustments to for profit (loss) for the period reconciliation:		**211,025**	**254,032**
Adjustments for depreciation and amortization expense	17.2	31,587	33,244
Adjustments for impairment loss (reversal of impairment loss)		4,216	381
Adjustments for impairement loss (reversal of impairment loss) of receivables		*2,861*	*83*
Adjustments for impairment loss (reversal of impairment loss) of inventories	*10*	*1,355*	*298*
Adjustments for provisions		101,334	80,657
Adjustments for (reversal of) provisions related with employee benefits		*2,999*	*2,242*
Adjustments for (reversal of) lawsuit and/or penalty provision expenses		*878*	*(37)*
Adjustments for (reversal of) warranty provisions		*28,455*	*37,605*
Adjustments for (reversal of) other provisions		*69,002*	*40,847*
Adjustments for interest (income) and expense		98,902	122,057
Adjustments for interest income	*19*	*(13,104)*	*(18,454)*
Adjustments for interest expense	*19*	*112,006*	*140,511*
Adjustments for unrealized foreign exchange losses (gains)		9,212	25,773
Adjustments for undistributed profits of investments accounted for using equity method	11	(51,870)	8,928
Adjustments for tax (income) expenses	20	24,151	(7,419)
Adjustments for losses (gains) on disposal of non-current assets		(6,507)	(9,589)
Adjustments for losses (gains) arised from sale of tangible assets	*18*	*(6,507)*	*(9,589)*
Changes in working capital		**(407,224)**	**126,158**
Adjustments for decrease (increase) in trade receivables		(26,962)	11,631
Decrease (increase) in due from related parties		*(675)*	*(25,916)*
Decrease (increase) in due from third parties		*(26,287)*	*37,547*
Adjustments for decrease (increase) in inventories		(325,802)	178,462
Adjustments for increase (decrease) in trade payables		(92,170)	(199,905)
Increase (decrease) in due to related parties		*(23,385)*	*(52,128)*
Increase (decrease) in due to third parties		*(68,785)*	*(147,777)*
Increase (decrease) in deferred income		17,567	6,006
Adjustments for other increase (decrease) in working capital		20,143	129,964
Cash flows from operations		**(71,212)**	**312,211**
Payments related with provisions for employee benefits		(875)	(958)
Payments related with other provisions		(26,946)	(39,160)
Income taxes refund (paid)		(7,773)	(5,687)
Other cash inflows (outflows)		-	2
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(12,879)**	**10,169**
Cash outflows arising from purchase of shares or capital increase of associates and/or joint ventures		(942)	-
Proceeds from sales of property, plant and equipment and intangible assets		9,411	21,417
Proceeds from sales of property, plant and equipment		*9,411*	*21,417*
Purchase of property, plant, equipment and intangible assets		(21,348)	(11,248)
Purchase of property, plant and equipment	*12*	*(13,597)*	*(6,121)*
Purchase of intangible assets		*(7,751)*	*(5,127)*
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(155,517)**	**(228,810)**
Proceeds from borrowings		1,184,336	982,496
Repayments of borrowings		(1,222,588)	(1,074,476)
Payments of lease liabilities		(10,289)	-
Interest paid		(120,080)	(155,284)
Interest received		13,104	18,454
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		**(275,202)**	**47,767**
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(1,928)**	**(993)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(277,130)**	**46,774**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**648,342**	**365,892**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	**371,212**	**412,666**

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

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, 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 31 March 2020 are as follows:

- Doğuş Oto Pazarlama ve Ticaret A.Ş. ("Doğuş Oto Pazarlama"): Automobile 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. 3

Sarıyer, İstanbul, Turkey.

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 year ended 31 March 2020 is 790 (31 December 2019: 826) whereas the average number of white-collar employees of the Group for the year ended 31 March 2020 is 1,444 (31 December 2019: 1,445).

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.

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 31 March 2020 have been approved by the Board of Directors on 9 June 2020. 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 Doğuş 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 / TFRS

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the condensed consolidated interim financial statements as at 31 March 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2020. The effects of these standards and interpretations on the Group's financial position and performance has disclosed in the related paragraphs.

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

2.2 Amendments and interpretations in the TAS / TFRS (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 confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) 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 standard 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. 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 this change under related notes.

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.

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

2.2 Amendments and interpretations in the TAS / TFRS (Continued)

The standard 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.

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 reminder 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.

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 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.

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

The standard is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

2.2 Amendments and interpretations in the TAS / TFRS (Continued)

Amendments to IFRS 9, IAS 39 and IFRS 7; Interest rate benchmark reform; effective from annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

The standard 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.

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.

Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

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.

(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)

(i) Business Combinations (Continued)

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.

For each business combination, the Group elects to measure any non-controlling interests in the acquire 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 31 March 2020 and 31 December 2019:

	31 March 2020	**31 December 2019**
Doğuş Oto Pazarlama	96.20%	96.20%
D-Auto Limited Liability Company	100.00%	100.00%

(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)

(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.

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 31 March 2020 and 31 December 2019.

	31 March 2020	31 December 2019
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.

(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)

(iv) Associates (Continued)

The table below sets out all the associates included in the scope of consolidation and shows the Group's share of control as at 31 March 2020 and 31 December 2019:

	31 March 2020	31 December 2019
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")	21.756%	21.756%

(*) 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.

(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 Doğuş 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 31 March 2020 comparatively with the consolidated statement of financial position as at 31 December 2019, 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 three month period ended 31 March 2020 comparative to the three month period ended 31 March 2019.

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

2.6 Significant Accounting Policies

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 31 March 2020 with those consolidated financial statements for the year ended 31 December 2019. The condensed consolidated interim financial statements should be read together with the consolidated financial statements for the year ended 31 December 2019.

2.7 Accounting Estimates

The preparation of the consolidated financial statements requires making judgments estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ the estimations.

Estimates and underlying assumptions are reviewed ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is stated in the following:

Group's tangible and intangible assets are depreciated and amortized in accordance with useful economic lives which is specified (Note 12).

The fair value of the financial assets measured at fair value through other comprehensive income that are not traded in an active market have been calculated by using other valuation methods such as nominal values, net carrying amount, acquisition price and discounted cash flows for non-public companies (Note 6).

The Group assesses whether there is any impairment indicator in investment properties and compares carrying values of the investment property with the fair value determined in the valuation report obtained by a property appraiser company licensed by CMB (Note 13).

The data in the discounted price list are used to calculate inventory impairment. If expected net realizable value is less than cost, the Group allocates provisions for inventory impairment (Note 10).

To calculate the provisions for legal claims, the probability of losing the case and the liabilities that would arise if the case is lost, is evaluated by the Group's Legal Counselor and by the Group management team taking into account the expert opinions. The management determines the amount of the provisions based on the best estimates (Note 14.1).

The warranties on vehicles sold by the Group are issued by the original equipment manufacturers ("OEM"). The Group acts as an intermediary between the customers and the OEM. The claims of customers from the Group are recognized as warranty expense. The Group recognizes the amount claimed from the OEM's as warranty income and offset against warranty expense. The Group incurs the cost that is not paid by the manufactures. Accordingly, the Group recognizes the estimated liability for the difference between possible warranty claims of customers and possible warranty claims from the manufacturers based on historical service statistics (Note 14.1).

Deferred tax asset is recognized to the extent that taxable profit will be available, against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax assets is recognized for all temporary differences.

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

Impact of Covid-19 outbreak on Group's activities

Possible impacts of COVID-19 which spread to the whole world, on the Group's activities and financial position are studiously monitored in all respects and the necessary actions are taken quickly in order to the Group to be affected from this pandemic in the least possible way. While the first case in Turkey has been detected in March 2020, duration and severity of the epidemic and possible impacts on the Group and Turkey's economy can not been forecasted.

Group' s dealer network continued to provide service operations by taking all mandatory precautions during the pandemic, the showroom visits and service entrances were decreased compared to period before the pandemic. During this period, Group' s sales and service organizations has continued to provide services uninterruptedly. After the factories reopened and resumed production, new vehicle imports were started in May and new vehicle supply will continue in line with the production plans of the manufacturers. The Group management assumed this pandemic as a statement which does not require any changes in long-term business plans as of the date financial statements are approved.

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".

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 used cars, spare parts 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 related financial statement line items.

(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)

Segment information presented to the Group management for the three month periods ended 31 March 2020 and 2019 are as follows:

For the three month period ended 31 March 2020	Passenger segment	Commercial segment	Other segments	Total
Revenue from external customers	2,330,926	472,739	377,553	3,181,218
Cost of sales	(2,088,252)	(410,862)	(265,456)	(2,764,570)
Gross profit	**242,674**	**61,877**	**112,097**	**416,648**
General administration expenses	(30,599)	(5,579)	(49,741)	(85,919)
Marketing expenses	(49,637)	(12,749)	(18,552)	(80,938)
Amotization expenses	(8,761)	(1,387)	(14,047)	(24,195)
Other income from operating activities, net	(6,745)	(73)	(398)	(7,216)
Operating income	**146,932**	**42,089**	**29,359**	**218,380**

For the three month period ended 31 March 2019	Passenger segment	Commercial segment	Other segments	Total
Revenue from external customers	1,180,397	244,890	383,247	1,808,534
Cost of sales	(1,074,084)	(216,723)	(262,691)	(1,553,498)
Gross profit	**106,313**	**28,167**	**120,556**	**255,036**
General administration expenses	(22,604)	(5,918)	(43,706)	(72,228)
Marketing expenses	(51,606)	(14,444)	(17,137)	(83,187)
Amotization expenses	(8,124)	(1,829)	(15,467)	(25,420)
Other income from operating activities, net	4,691	540	938	6,169
Operating income	**28,670**	**6,516**	**45,184**	**80,370**

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:

	31 March 2020	31 March 2019
Operating profit for reportable segments	218,380	80,370
Provision for legal exposures	(329)	357
Provision for employee termination benefits	1,268	2,362
Provision for unused vacation	(882)	(235)
Provision for diminution in value of inventories	(1,355)	(297)
Warranty provision expense	(2,058)	1,237
Depreciation and amortization	(7,392)	(7,824)
Share of profit of equity accounted investees	51,870	(8,928)
Income from investment activities	6,507	9,589
Finance expense, net	(127,835)	(160,241)
Other	10,964	8,212
Profit before tax	**149,138**	**(75,398)**

(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 31 March 2020 and 31 December 2019, cash and cash equivalents comprise the following:

	31 March 2020	**31 December 2019**
Cash on hand	67	172
Cash at banks	371,145	648,170
- Demand deposits	*53,488*	*121,748*
- Time deposits / reverse repo	*316,930*	*526,109*
- Other cash and cahs equivalents	*727*	*313*
Total	**371,212**	**648,342**

As of 31 March 2020, effective interest rates in TL denominated time deposit is 8.62% (31 December 2019: TL 9.19%). As of 31 March 2020, the maturity at time deposits is 1 day (31 December 2019: 1 day).

There is no blocked deposit as at 31 March 2020 and 31 December 2019.

Foreign currency risk exposure of cash and cash equivalents are presented under Note 23.

NOTE 6 – FINANCIAL INVESTMENTS

As at 31 March 2020 and 31 December 2019, financial assets measured at fair value through other comprehensive income comprise of the following:

	31 March 2020		**31 December 2019**	
	Ownership interest (%)	**Carrying amount**	**Ownership interest (%)**	**Carrying amount**
Doğuş Holding A.Ş. (“Doğuş Holding”)	3.69	561,463	3.69	561,463
		561,463		**561,463**

As of 31 December 2019, 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 financial assets measured at fair value through other comprehensive income within the period are as follows:

	2020	**2019**
Balance at 1 January	**561,463**	**567,259**
Change in fair value of financial assets measured at fair value through other comprehensive income	-	367
Balance at 31 March	**561,463**	**567,626**

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

NOTE 7 – BORROWINGS

As at 31 March 2020 and 31 December 2019, financial liabilities with the effective interest rates, comprise the following:

	31 March 2020		31 December 2019	
	Interest rate (%)	**Amount**	**Interest rate (%)**	**Amount**
Short-term bank borrowings:				
TL denominated interest bearing borrowings	16.31	1,951,083	24.99	1,997,831
TL denominated non-interest bearing borrowings (*)	-	30,570	-	36,336
EUR denominated interest bearing borrowings	7.18	114,690	7.18	103,906
Total		**2,096,343**		**2,138,073**

	31 March 2020		31 December 2019	
	Interest rate (%)	**Amount**	**Interest rate (%)**	**Amount**
Short term portion of long term borrowings:				
TL denominated interest bearing borrowings	17.91	27,678	17.91	27,747
Total		**27,678**		**27,747**

	31 March 2020		31 December 2019	
	Interest rate (%)	**Amount**	**Interest rate (%)**	**Amount**
Long-term bank borrowings:				
TL denominated interest bearing borrowings	17.91	154,529	17.91	154,461
Total		**154,529**		**154,461**

(*) As at 31 March 2020, the Group has non-interest bearing TL denominated loans from various financial institutions amounting to TL 30,570 which have been obtained to pay value added taxes, custom taxes and special consumption taxes (31 December 2019: TL 36,336).

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NOTE 7 – BORROWINGS (Continued)

The repayment schedule of long-term bank borrowings including their short-term portions as at 31 March 2020 is as follows:

Payment period	Original amount (TL)	TL Equivalent
2020	21,269	21,269
2021	160,938	160,938
Total	**182,207**	**182,207**

The repayment schedule of long-term bank borrowings including their short-term portions as at 31 December 2019 is as follows:

Payment period	Original amount (TL)	TL Equivalent
2020	27,747	27,747
2021	154,461	154,461
Total	**182,208**	**182,208**

Foreign currency, interest and liquidity risk exposure of financial liabilities are presented under Note 23.

Movements of financial borrowings as at 31 March 2020 and 2019 are summarized below:

Bank Borrowings	2020	2019
Balance at 1 January	**2,320,281**	**2,710,663**
Additions during the period	1,184,336	982,496
Payments during the period	(1,222,588)	(1,074,474)
Foreign exchange (gains) / losses	8,466	30,017
Changes in interest accrual	(11,945)	(22,632)
Balance at 31 March	**2,278,550**	**2,626,070**

(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 31 March 2020 and 31 December 2019, the details of the financial lease liabilities are as follows:

	31 March 2020		31 December 2019	
	Interest rate (%)	**Amount**	**Interest rate (%)**	**Amount**
Short term portion of long term leases:				
TL leases	25.68	16,513	25.68	28,645
EUR leases	5.57	7,282	5.57	7,468
Total		**23,795**		**36,113**

	31 March 2020		31 December 2019	
	Interest rate (%)	**Amount**	**Interest rate (%)**	**Amount**
Long term leases:				
TL leases	25.68	91,754	25.68	79,625
EUR leases	5.57	986	5.57	2,033
Total		**92,740**		**81,658**

Movement of financial lease liabilities is as follows:

	2020	**2019**
Balance at 1 January	**117,771**	**148,094**
Additions	4,436	-
Payments	(10,289)	(15,807)
Interest expenses	3,871	7,856
Foreign exchange gain/loss	746	95
Balance at 31 March	**116,535**	**140,238**

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

8.1 Trade Receivables

Guarantees received for trade receivables due from third parties

Significant portion of the other trade receivables due from third parties is comprised of receivables from the dealers and fleet sales. 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 authorized dealers and fleet customer. TL 84,941 of trade receivables due from third parties are covered via letters of guarantee (31 December 2019: TL 78,892).

As at 31 March 2020, overdue trade receivables due from third parties that are not impaired amount to TL 29,382 (31 December 2019: TL 34,643). TL 1,235 of such overdue receivables are covered via guarantee letters (31 December 2019: TL 1,388).

As at 31 March 2020, the Group's average maturity of trade receivables due from third parties is 22 days (31 December 2019: 28 days).

Foreign currency and credit risk exposure of trade receivables are presented under Note 23.

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

NOTE 8 – TRADE RECEIVABLES AND PAYABLES (Continued)

8.2 Trade Payables

As at 31 March 2020 and 31 December 2019, trade payables to third parties consist of the following:

	31 March 2020	**31 December 2019**
Payables to OEM companies	531,893	531,324
Dealer premium accrual (*)	69,002	-
Other trade payables (**)	64,225	49,201
Payables to dealers (*)	3	83,108
Other expense accruals	784	2,057
Total	**665,907**	**665,690**

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 2019: 1% per annum).

(*) Group's payables to dealers consisted of bonus payables paid on periodical basis.

(**) 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 23.

NOTE 9 – OTHER RECEIVABLES

As at 31 March 2020 and 31 December 2019, other receivables due from third parties comprise of the following:

	31 March 2020	**31 December 2019**
Warranty claims and price difference receivables (*)	64,527	107,235
Receivables due to insurance claims	11,691	14,893
Other	6,654	7,922
Total	**82,872**	**130,050**

(*) Warranty receivables represent the receivable of the warranty expenses related to the vehicles imported by the Group. As at 31 March 2020, the other receivables that has not been billed are TL 27,022 (31 December 2019: TL 38,965).

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NOTE 10 – INVENTORIES

As at 31 March 2020 and 31 December 2019, inventories comprise of the following:

	31 March 2020	**31 December 2019**
Goods in transit (*)	573,614	551,631
Merchandise stocks – vehicles	509,045	239,894
Merchandise stocks – spare parts	185,482	150,814
	1,268,141	**942,339**
Provision for diminution in the value of inventories (-)	(7,787)	(6,432)
Total	**1,260,354**	**935,907**

(*) 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 2,735,543 for the year ended 31 March 2020 (31 March 2019: TL 1,577,955).

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:

	2020	**2019**
Balance at 1 January	**6,432**	**4,932**
Additions in the current period	1,355	298
Balance at 31 March	**7,787**	**5,230**

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

NOTE 11 – INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

As at 31 March 2020 and 31 December 2019, investment in associates, joint ventures and the Group's share of control are as follows:

	31 March 2020		31 December 2019	
	Ownership %	Carrying amount	Ownership %	Carrying amount
Associates				
VDF	48	116,297	48	107,127
Doğuş Sigorta	42	37,988	42	37,138
Yüce Auto	50	35,395	50	29,681
VDF Servis	38.22	116,167	38.22	111,551
Doğuş Teknoloji	21.76	36,702	21.76	35,486
Total		**342,549**		**320,983**
Joint ventures				
TÜVTURK Kuzey – Güney	33.33	162,527	33.33	131,281
Total		**162,527**		**131,281**
Grand total		**505,076**		**452,264**

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

	2020	2019
Balance at 1 January	**452,264**	**374,659**
Shares in profits of associates, net	20,624	(34,713)
Shares in the profits of joint ventures, net	31,246	25,785
Participation in capital increase of associates and joint ventures	942	-
Change in fair value of financial assets measured at fair value through other comprehensive income held by associates	-	22
Deferred tax effect in relation to change in fair value of financial assets measured at fair value through other comprehensive income held by associates	-	(1)
Balance at 31 March	**505,076**	**365,752**

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NOTE 11 – INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (Continued)

As at 31 March 2020, 31 December 2019 and 31 March 2019, total assets, liabilities and results of the periods of the Group's associates and joint ventures are presented below:

	31 March 2020						31 March 2020		
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Investment in associates	6,363,178	1,600,195	7,963,373	6,650,792	451,229	7,102,021	954,576	(907,389)	47,187
Joint ventures	457,129	872,567	1,329,696	437,712	404,407	842,119	707,211	(613,470)	93,741

	31 December 2019						31 March 2019		
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Investment in associates	6,300,779	1,361,244	7,662,023	6,335,346	570,136	6,905,482	668,030	(757,559)	(89,529)
Joint ventures	323,854	866,422	1,190,276	391,295	411,143	802,438	566,166	(501,633)	64,533

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

NOTE 11 – INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (Continued)

As at 31 March 2020, 31 December 2019 and 31 March 2019, cash and cash equivalents, current and non-current financial liabilities, amortization and depreciation expenses, interest income and expenses are presented below:

	31 March 2020			31 March 2020				
	Cash and cash equivalents	**Short-term financial liabilities**	**Long-term financial liabilities**	**Revenues**	**Amortization and depreciation expenses**	**Interest Income**	**Interest expense**	**Tax expense**
Subsidiaries	516,266	5,694,445	442,499	805,066	(9,424)	3,903	(32,918)	(5,428)
Joint Ventures	291,621	5,922	25,013	699,414	(7,606)	5,625	(430)	(28,235)

	31 December 2019			31 March 2019				
	Cash and cash equivalents	**Short-term financial liabilities**	**Long-term financial liabilities**	**Revenues**	**Amortization and depreciation expenses**	**Interest Income**	**Interest expense**	**Tax expense**
Subsidiaries	360,902	5,438,317	561,892	591,732	(6,819)	10,526	(14,572)	26,424
Joint Ventures	194,183	5,297	24,146	550,053	(9,920)	14,705	(7,958)	(19,386)

(Convenience translation of consolidated 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, plant and equipment and related accumulated depreciation for the year ended 31 March 2020 are as follows:

	1 January 2020	Additions	Disposals	Transfers	Foreign currency translation difference	31 March 2020
Cost:						
Land	285,839	-	-	-	-	285,839
Land improvements	18,549	-	-	-	-	18,549
Buildings	395,842	-	-	-	-	395,842
Machinery and equipments	69,368	724	(2)	-	247	70,337
Motor vehicles	161,814	11,905	(7,342)	-	13	166,390
Furniture and fixtures	69,809	582	(25)	15	189	70,570
Leasehold improvements	128,209	-	-	26	2,790	131,025
Constructions in progress	3,157	386	-	(41)	-	3,502
	1,132,587	**13,597**	**(7,369)**	**-**	**3,239**	**1,142,054**
Accumulated depreciation:						
Land improvements	(13,690)	(183)	-	-	-	(13,873)
Buildings	(57,053)	(1,994)	-	-	-	(59,047)
Machinery and equipments	(38,483)	(1,384)	-	-	(150)	(40,017)
Motor vehicles	(60,816)	(8,354)	4,440	-	(13)	(64,743)
Furniture and fixtures	(50,272)	(1,886)	25	-	(181)	(52,314)
Leasehold improvements	(64,514)	(1,939)	-	-	(960)	(67,413)
	(284,828)	**(15,740)**	**4,465**	**-**	**(1,304)**	**(297,407)**
Carrying amount	**847,759**					**844,647**

For the period ended 31 March 2020, current year depreciation expense amounting to TL 15,740 is included in general administrative expenses in the consolidated statement of profit or loss (31 March 2019: TL 16,312).

As at 31 March 2020, the lien on the lands have been abolished for the loans received by the Group and the lien on the buildings are TL 440,000 (31 December 2019: TL 745,928).

As at 31 March 2020, capitalized borrowing costs amounting to TL 54,089 (31 December 2019: TL 54,089).

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NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements in property, plant and equipment and related accumulated depreciation for the year ended 31 March 2019 are as follows:

	1 January 2019	Additions	Disposals	Transfers	Foreign currency translation difference	31 March 2019
Cost:						
Land	285,839	-	-	-	-	285,839
Land improvements	18,562	-	-	-	-	18,562
Buildings	484,370	367	-	-	-	484,737
Machinery and equipments	67,238	553	(630)	8	158	67,327
Motor vehicles	174,432	4,792	(21,201)	-	8	158,031
Furniture and fixtures	73,976	44	(4,678)	30	120	69,492
Leasehold improvements	123,930	-	(251)	-	1,781	125,460
Constructions in progress	879	365	-	(38)	-	1,206
	1,229,226	**6,121**	**(26,760)**	**-**	**2,067**	**1,210,654**
Accumulated depreciation:						
Land improvements	(12,960)	(184)	-	-	-	(13,144)
Buildings	(48,954)	(2,470)	-	-	-	(51,424)
Machinery and equipments	(33,382)	(1,435)	627	-	(85)	(34,275)
Motor vehicles	(48,401)	(8,363)	9,420	-	(8)	(47,352)
Furniture and fixtures	(47,015)	(1,967)	4,634	-	(114)	(44,462)
Leasehold improvements	(56,136)	(1,893)	251	-	(512)	(58,290)
	(246,848)	**(16,312)**	**14,932**	**-**	**(719)**	**(248,947)**
Carrying amount	**982,378**					**961,707**

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NOTE 13 – INVESTMENT PROPERTY

The movements in investment property and related accumulated depreciation for the year ended 31 March 2020 and 2019 are as follows:

	2020	2019
Cost:		
Balance at 1 January	111,773	22,540
Balance at 31 March	**111,773**	**22,540**
Accumulated depreciation:		
Balance at 1 January	(4,115)	(1,687)
Depreciation for the period	(641)	(154)
Balance at 31 March	**(4,756)**	**(1,841)**
Net book value as of 1 January	**107,658**	**20,853**
Net book value as of 31 March	**107,017**	**20,699**

Investment property comprised of the building that is used by Doğuş Teknoloji and Kartal Tower.

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 and June 2019 and the fair value of the Doğuş Teknoloji building amounts to TL 32,290 and TL 100,200 for Kartal Tower respectively (Level 2).

The useful life of the building that is classified as investment property is 50 years. The Group has recognized TL 257 rent income from the related investment property (31 March 2019: TL 415).

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NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

14.1 Short-Term Provisions

The breakdown of other short-term provisions as at 31 March 2020 and 31 December 2019 is presented below:

	31 March 2020	31 December 2019
Legal provisions	31,348	31,019
Warranty provisions	13,426	8,665
Other provisions	-	2,666
Total	**44,774**	**42,350**

The breakdown of other long-term provisions as at 31 March 2020 and 31 December 2019 is presented below:

	31 March 2020	31 December 2019
Warranty provisions	24,043	26,747
Total	**24,043**	**26,747**

14.2 Collaterals / Pledges / Mortgages / Bill of Guarantees Given

As at 31 March 2020, the Group's position related to letters of collaterals / pledges / mortgages / bill of guarantees guarantee given, pledges and mortgages ("CPMB") are as follows:

	31 March 2020				
		Original balances			
	Total TL equivalent	Full TL	Full USD	Full Euro	Full CHF
A. Total amount of CPMB given on behalf of own legal personality	2,496,125	509,309,383	-	275,372,860	-
B. Total amount of CPMB given in favor of partnerships which is consolidated	35,374	35,373,967	-	-	-
C. Total amount of CPMB given for assurance of third parties debts in order to conduct of usual business activities	79,113	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	-	-	-	-	-
Total CPMB	**2,610,612**	**569,683,350**	**-**	**282,872,860**	**-**

Other GPMBs given by the Group as at 31 March 2020 are equivalent to 0% of the Company's equity (31 December 2019: 0%).

As at 31 March 2020, CPMB amounting to TL 26,000 (31 December 2019: TL 9,273) was given in favor of partnerships within the scope of consolidation is related to general loan agreements.

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NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

As at 31 December 2019, the Group's position related to letters of collaterals / pledges / mortgages / bill of guarantees guarantee given, pledges and mortgages ("CPMB") are as follows:

	31 December 2019				
		Original balances			
	Total TL equivalent	Full TL	Full USD	Full Euro	Full CHF
A. Total amount of CPMB given on behalf of own legal personality	2,645,688	509,120,551	-	321,259,400	-
B. Total amount of CPMB given in favor of partnerships which is consolidated	9,273	9,273,177	-	-	-
C. Total amount of CPMB given for assurance of third parties debts in order to conduct of usual business activities	74,880	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	-	-	-	-	-
Total CPMB	**2,729,841**	**543,393,728**	**-**	**328,759,400**	**-**

14.3 Collaterals / Pledges / Mortgages / Bill of Guarantees Received

As at 31 March 2020 and 31 December 2019, the Group's position related to letter of guarantees received are as follows:

	31 March 2020	31 December 2019
Letter of guarantees received from fleet customers	32,702	14,000
Letters of guarantees received from fixed asset and service suppliers	33,667	31,963
Letters of guarantees received from dealers	78,857	80,133
Mortgages received from dealers	25,000	-
Total	**170,226**	**126,096**

NOTE 15 – OTHER CURRENT LIABILITIES

As at 31 March 2020 and 31 December 2019, other current liabilities comprise of the following:

	31 March 2020	31 December 2019
VAT payable	70,571	77,850
Other current liabilities	237	8,588
Total	**70,808**	**86,438**

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

NOTE 16 – EQUITY

Issued Capital

As at 31 March 2020, the registered capital of the Company is TL 220,000 (31 December 2019: 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 full 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 31 March 2020 and 31 December 2019, the composition of the Company's shareholding structure is as follows:

	31 March 2020		31 December 2019	
Shareholders	**TL**	**Shareholding (%)**	**TL**	**Shareholding (%)**
Doğuş Holding	165,585	75.27	165,585	75.27
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
Paid-in capital	**220,000**	**100.00**	**220,000**	**100.00**
Inflation adjustment difference	23,115		23,115	
Total	**243,115**		**243,115**	

(*) 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:

	31 March 2020	31 December 2019
Treasury share reserves	220,310	220,310
Legal reserves	127,493	127,493
Special reserves	49,265	49,265
Total	**397,068**	**397,068**

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. First and second level legal reserves cannot 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 CMB Regulations, legal reserves shall presented under "restricted reserves appropriated from profits". As at 31 March 2020, the legal reserves of the Group amounted to TL 127,493 (31 December 2019: TL 127,493).

The 75% portion of gains amounting to TL 49,265 arising from the sale of participation share on joint venture and associates on 6 September 2013 and 16 February 2015 respectively recognized in statutory financial statements has been reclassified as "special reserves". As at 31 March 2020, the special reserves of the Group amounted to TL 49,265 (31 December 2019: TL 49,265).

NOTE 16 – EQUITY (Continued)

Treasury shares

The Group reacquired its own shares that are traded on Borsa Istanbul A.Ş in accordance with the Communique on Buy Backed Shares (II-22.1) announced by CMB. In this context, as of 31 December 2016, the Group reacquired its own 22,000,000 units of registered shares 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. 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 communique.

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 recognized 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 31 March 2020, retained earnings are TL 368,324 (31 December 2019: TL 292,547).

Gains (Losses) on remeasuring of financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are recognized in consolidated financial statements at their fair values. The valuation differences realized at the reporting date in carrying amount of the financial assets is recognized in “gains (losses) on remeasuring and/or reclassification of financial assets measured at fair value through other comprehensive income” account under equity in the consolidated financial statements. As at 31 March 2020, gains (losses) on remeasuring and/or reclassification of financial assets measured at fair value through other comprehensive income of the Group amounted to TL 479,329 (31 December 2019: TL 479,329).

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 31 March 2020, the foreign currency translation differences of the Group amounted to TL 2,059 (31 December 2019: TL 2,047).

Dividend

Publicly traded companies shall perform dividend distribution in accordance with the Communique 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 Communique, no minimum distribution rate has been determined. Companies shall pay dividends as set out in their profit distribution policies or their articles of association.

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NOTE 16 – EQUITY (Continued)

Dividend (Continued)

Additionally, dividends can be paid via equal or different installments and companies can distribute dividend advances based on profits at financial statements.

In the General Assembly Meeting which was held on 30 March 2020, 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 consolidated financial statements. As at 31 March 2020 and 31 December 2019, the related amounts in the "non-controlling interests" in the consolidated financial statements are TL 8,145 and TL 7,290 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 consolidated profit or loss statement.

NOTE 17 – MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

The breakdown of operating expenses for the period ended 31 March is presented below:

	31 March 2020	**31 March 2019**
General administration expenses	109,026	101,846
Marketing expenses	77,967	76,859
Total	**186,993**	**178,705**

17.1 Marketing Expenses

The breakdown of marketing expenses for the period ended 31 March is presented below:

	31 March 2020	**31 March 2019**
Warranty expenses, net	28,455	37,605
Distribution expenses	18,428	13,788
Personnel expenses	16,513	14,661
Advertising expenses	10,760	9,314
Customer service expenses	2,158	587
Support expenses	1,653	904
Total	**77,967**	**76,859**

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

NOTE 17 – MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES (Continued)

17.2 General Administrative Expenses

The breakdown of general administration expenses for the period ended 31 March is presented below:

	31 March 2020	31 March 2019
Personnel expenses	38,593	37,592
Depreciation and amortization expenses	31,587	33,244
Building expenses	11,641	10,110
Maintenance expenses	7,640	6,389
Consultancy expense	3,434	2,731
Insurance expenses	2,809	2,716
Traveling expenses	1,929	1,817
Vehicle expenses	1,887	2,228
Corporate governance expenses	575	501
Communication expenses	545	583
Other	8,386	3,935
Total	**109,026**	**101,846**

NOTE 18 – INVESTMENT ACTIVITY INCOME

The breakdown of income from investment activities for the period ended 31 March is presented below:

	31 March 2020	31 March 2019
Gain on sale of property and equipment	6,507	9,589
Total	**6,507**	**9,589**

NOTE 19 – FINANCE EXPENSES / INCOME

The breakdown of finance costs for the period ended 31 March is as follows:

	31 March 2020	31 March 2019
Interest expense on borrowings	108,135	132,655
Commission expenses on letters of guarantee	15,984	8,821
Foreign exchange losses on borrowings, net	9,212	30,017
Interest expense on lease liabilities	3,871	7,856
Other	3,737	3,590
Total	**140,939**	**182,939**

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

	31 March 2020	31 March 2019
Interest income	13,104	18,454
Gains on derivative instruments	-	4,244
Total	**13,104**	**22,698**

NOTE 20 – 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 affiliates. According toly 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. Corporation tax is payable at a rate of 22% for 2020 (will be applied as 22% 2020 tax period) on the total income of the Company and its subsidiaries registered in Turkey after adjusting for certain disallowable expenses, 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 31 March 2020, enacted corporation tax rate is 15% for the subsidiary registered in Iraq according to local tax law (31 December 2019: 15%). According to Iraq tax laws, losses can be carried forward for offsetting against future taxable income for up to 5 years unless if 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 do 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. (Except mutual funds participation certificate and dividend income from mutual fund)

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.

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

NOTE 20 – 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 held in a fund account 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 period ended 31 March, taxation charge comprise of the following:

	31 March 2020	**31 March 2019**
Current tax expense	(11,383)	(614)
Deferred tax income / (expense)	(12,768)	8,033
Total tax expense	**(24,151)**	**7,419**

For the period ended 31 March, 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:

	31 March 2020	**31 March 2019**
Profit before tax	149,138	(75,398)
Income tax using the Company’s domestic tax rate	(32,810)	16,588
Disallowable expenses	(2,260)	(2,783)
Share of profit in equity accounted investees exempt from deferred tax calculation	11,411	(1,964)
Tax losses which have not considered under deferred tax calculation	-	(5,642)
Other	(492)	1,220
Total tax expense	**(24,151)**	**7,419**

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 changed to 22% for the 3 years beginning from 1 January 2018, 22% tax rate is used in the deferred tax calculation of 31 March 2020 for the temporary differences expected to be realized within the year. 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 2019: 22%).

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NOTE 20 – TAX ASSET AND LIABILITIES (Continued)

Deferred taxes

As at 31 March 2020 and 31 December 2019, deferred tax assets and liabilities are attributable to the items detailed in the table below:

	Deferred tax asset		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2020	**31 December 2019**	**31 March 2020**	**31 December 2019**	**31 March 2020**	**31 December 2019**
Fair value change of available-for sale financial assets	-	-	(23,725)	(23,725)	(23,725)	(23,725)
Land	-	-	(1,393)	(1,393)	(1,393)	(1,393)
Other tangible and intangible assets	-	-	(5,823)	(5,570)	(5,823)	(5,570)
Carry forward tax losses	-	29,841	-	-	-	29,841
Warranty provision, net	8,243	7,790	-	-	8,243	7,790
Legal provision	6,896	6,824	-	-	6,896	6,824
Provision for diminution in value of inventories	1,713	1,415	-	-	1,713	1,415
Employee termination benefit	8,595	8,099	-	-	8,595	8,099
Unused vacation liability	3,157	2,962	-	-	3,157	2,962
Dealer premium accrual	15,180	-	-	-	15,180	-
Other	1,011	155	-	-	1,011	155
Total deferred tax asset/(liabilities)	44,795	57,086	(30,941)	(30,688)	13,854	26,398
Net off tax	(30,455)	(30,688)	30,455	30,688	-	-
Total deferred tax assets/(liabilities)	**14,340**	**26,398**	**(486)**	**-**	**13,854**	**26,398**

The movements in temporary differences as at 31 March 2020 are as follows:

	1 January 2020	**Recognized in the profit or loss**	**Recognized in other comprehensive income**	**31 March 2020**
Fair value change of available for sale financial assets	(23,725)	-	-	(23,725)
Land	(1,393)	-	-	(1,393)
Other tangible and intangible assets	(5,570)	(253)	-	(5,823)
Warranty provision, net	7,790	453	-	8,243
Legal provision	6,824	72	-	6,896
Provision for diminution in value of inventories	1,415	298	-	1,713
Employee termination benefit	8,099	272	224	8,595
Unused vacation liability	2,962	195	-	3,157
Dealer premium accrual	-	15,180	-	15,180
Carry forward tax losses	29,841	(29,841)	-	-
Other	155	856	-	1,011
	26,398	**(12,768)**	**224**	**13,854**

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

NOTE 20 – TAX ASSET AND LIABILITIES (Continued)

Deferred taxes (Continued)

The movements in temporary differences as at 31 March 2019 are as follows:

	1 January 2019	**Recognized in the profit or loss**	**Recognized in other comprehensive income**	**31 March 2019**
Fair value change of available for sale financial assets	(21,858)	-	(18)	(21,876)
Land	(1,393)	-	-	(1,393)
Other tangible and intangible assets	(1,290)	(575)	-	(1,865)
Warranty provision, net	8,880	(272)	-	8,608
Legal provision	5,741	(118)	-	5,623
Provision for diminution in value of inventories	1,085	66	-	1,151
Employee termination benefit	5,989	(28)	203	6,164
Unused vacation liability	2,200	24	-	2,224
Dealer premium accrual	-	7,149	-	7,149
Other	(1,352)	1,787	-	435
	(1,998)	**8,033**	**185**	**6,220**

Deferred tax assets arising from carry-forward tax losses are accounted when the Group forecasts taxable profits in forseable future. The Group has recognized deferred tax assets amounting to TL 29,841, from the carried-forward tax losses amounting to TL 149,206 as a 31 December 2019, and used these deferred tax assets as at 31 March 2020.

As at 31 March 2020, current income tax liabilities amounting to TL 3,418 (31 December 2019: TL 6,440) is comprised by tax provision for the year ended 31 March 2020.

As at 31 March, the current income tax asset of the Group is TL 2,372 (31 December 2019: 9,004 TL).

NOTE 21 – 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 period ended 31 March, earnings per share are calculated as follows:

	31 March 2020	**31 March 2019**
Net profit attributable to the equity holders of the Company	124,132	(69,476)
Number of basic shares	198,000,000	198,000,000
Basic/diluted earnings per share (in full TL)	**0.6269**	**(0.3509)**

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

22.1 Due from Related Parties

As at 31 March 2020 and 31 December 2019, Group's cash balances at related party banks are as follows:

22.1.1 Due from associates

	31 March 2020	31 December 2019
Yüce Auto	1,704	2,919
VDF	45	420
Total	**1,749**	**3,339**

22.1.2 Due from joint ventures

	31 March 2020	31 December 2019
TÜVTURK	5	8
Total	**5**	**8**

22.1.3 Due from other related parties

	31 March 2020	31 December 2019
VDF Faktoring Hizmetleri A.Ş. ("VDF Faktoring")	538,828	536,259
VDF Sigorta Aracılık Hizmetleri A.Ş.	798	1,046
VDF Filo Kiralama A.Ş.	387	429
Other	1,218	1,227
Total	**541,231**	**538,961**

22.1.4 Due from shareholders

	31 March 2020	31 December 2019
Doğuş Holding	1	3
Total	**1**	**3**
Grand Total	**542,986**	**542,311**

As of 31 March 2020, the Group imposes 1% interest charge on the receivables from related parties (31 December 2019: 1% per month).

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.2 Other Receivables due from Related Parties

22.2.1 Other current receivables due from subsidiaries

	31 March 2020	31 December 2019
Doğuş Teknoloji	3,360	3,174
Total	**3,360**	**3,174**

22.2.2 Other current receivables due from related parties

	31 March 2020	31 December 2019
VDF Filo Kiralama A.Ş. (sublease receivables)	1,782	2,286
Total	**1,782**	**2,286**
Grand total	**5,142**	**5,460**

22.2.3 Other non-current receivables due from related parties

	31 March 2020	31 December 2019
VDF Filo Kiralama A.Ş. (sublease receivables)	1,174	1,335
Total	**1,174**	**1,335**

22.3 Current prepayments due from related parties

22.3.1 Current prepaid expenses

	31 March 2020	31 December 2019
Pozitif Arena Salon İşletmeleri A.Ş.	4,070	5,587
Doğuş Spor Kompleksi Yatırım ve İşletme A.Ş.	148	582
Other	237	631
Total	**4,455**	**6,800**

22.4 Current deferred income from related parties

22.4.1 Current deferred income from associates

	31 March 2020	31 December 2019
VDF	3	-
Total	**3**	**-**

22.4.2 Current deferred income from joint ventures

	31 March 2020	31 December 2019
TÜVTURK	398	-
Total	**398**	**-**
Grand total	**401**	**-**

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

NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.5 Trade Payables to Related Parties

22.5.1 Trade payables to associates

	31 March 2020	31 December 2019
Yüce Auto	12,992	22,213
Doğuş Teknoloji	6,466	5,224
VDF	498	523
Total	**19,956**	**27,960**

22.5.2 Trade payables to joint ventures

	31 March 2020	31 December 2019
TÜVTÜRK	10	-
Total	**10**	**-**

22.5.3 Trade payables to other related parties

	31 March 2020	31 December 2019
VDF Filo Kiralama A.Ş.	1,046	19
VDF Faktoring A.Ş.	484	205
Antur Turizm A.Ş.	466	3,382
VDF Sigorta Aracılık Hizmetleri A.Ş.	1	1
Pozitif Arena Konser Salon İşletmeleri A.Ş.	-	7,203
Other	605	739
Total	**2,602**	**11,549**

22.5.4 Trade payables to shareholders

	31 March 2020	31 December 2019
Doğuş Holding	1,620	8,064
Total	**1,620**	**8,064**
Grand total	**24,188**	**47,573**

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.6 Related Party Transactions

22.6.1 Associates

Sales and other income generating transactions:	**31 March 2020**	**31 March 2019**
Other income	5,901	4,300
Sale of products and returns, net	4,336	2,403
Sale of services, net	132	151
Total	**10,369**	**6,854**

Purchases and expenses incurring transactions:	**31 March 2020**	**31 March 2019**
Inventory purchase	66,344	68,023
Other purchases	11,584	11,030
Fixed asset purchases	7,356	4,719
Services rendered	4,972	4,269
Incentives for consumer loans	2,280	10,287
Other expenses	16	80
Total	**92,552**	**98,408**

22.6.2 Joint ventures

Sales and other income generating transactions:	**31 March 2020**	**31 March 2019**
Sale of products and returns, net	39	601
Sale of service, net	20	10
Total	**59**	**611**

Purchases and expense creating transactions:	**31 March 2020**	**31 March 2019**
Services purchases	13	8
Other purchases	1	-
Total	**14**	**8**

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.6 Related Party Transactions (Continued)

22.6.3 Other related parties

a) Income generated from other related parties

	31 March 2020			
	Sale of products	**Sale of Services**	**Other income from operating activities**	**Total**
VDF Filo	41,759	1,011	30	42,800
VDF Sigorta	3	-	1,346	1,349
VDF Faktoring	1	-	-	1
Other	52	16	45	113
	41,815	**1,027**	**1,421**	**44,263**

	31 March 2019			
	Sale of products	**Sale of Services**	**Other income from operating activities**	**Total**
VDF Filo	14,176	584	26	14,786
VDF Sigorta	2	1	1,290	1,293
VDF Faktoring	1	-	-	1
Other	99	9	295	403
	14,278	**594**	**1,611**	**16,483**

b) Expenses arising from transactions with other related parties

	31 March 2020						
	Services Rendered	**Purchase of fixed assets**	**Purchase of Inventory**	**Finance expenses**	**Other purchases**	**Other expenses from operating activities**	**Total**
VDF Filo	2,715	-	11,588	-	-	-	14,303
Doğuş Gayrimenkul Yatırım Ortaklığı	1,020	-	-	-	-	4,512	5,532
Antur Turizm	3,040	-	-	-	65	659	3,764
VDF Faktoring	-	-	113	1,391	-	-	1,504
VDF Sigorta	3	-	238	-	1	1	243
Other	1,371	-	-	-	-	1,966	3,337
	8,149	**-**	**11,939**	**1,391**	**66**	**7,138**	**28,683**

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.6.3 Related Party Transactions (Continued)

b) Expenses arising from transactions with other related parties (Continued)

	31 March 2019						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
VDF Filo	1,550	-	2,476	-	488	-	4,514
Antur Turizm	2,452	-	-	-	126	279	2,857
Doğuş Gayrimenkul Yatırım Ortaklığı	6,586	-	-	-	-	-	6,586
VDF Faktoring	-	-	-	1,555	-	-	1,555
VDF Sigorta	45	-	-	-	-	53	98
Other	1,345	-	13	-	-	2,761	4,119
	11,978	**-**	**2,489**	**1,555**	**614**	**3,093**	**19,729**

22.6.4 Transactions with shareholders

a) Income generated from shareholders

	31 March 2020				
	Sale of product	Sale of services	Income from investing activities	Other Income from operating activities	Total
Doğuş Holding	1	-	-	-	1
	1	**-**	**-**	**-**	**1**

	31 March 2019				
	Sale of product	Sale of services	Income from investing activities	Other Income from operating activities	Total
Doğuş Holding	2	1	-	-	3
	2	**1**	**-**	**-**	**3**

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

NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.6 Related Party Transactions (Continued)

22.6.4 Transactions with shareholders (Continued)

b) Expenses arising from transactions with shareholders

	31 March 2020				
	Services rendered	**Purchase of fixes asset**	**Others purchases**	**Other expense from operating activities**	**Total**
Doğuş Holding	2,213	-	-	-	2,213
	2,213	**-**	**-**	**-**	**2,213**

	31 March 2019				
	Services rendered	**Purchase of fixes asset**	**Others purchases**	**Other expense from operating activities**	**Total**
Doğuş Holding	1,801	6	-	-	1,807
	1,801	**6**	**-**	**-**	**1,807**

22.7 Key Management Personnel Compensation

	31 March 2020	**31 March 2019**
Salaries and other short-term employee benefits	5,954	4,637
Total	**5,954**	**4,637**

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 senior executive who have administrative responsibilities, for the period ended 31 March 2020 and 2019 includes salaries, health insurance and employer shares of Social Security Institution.

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NOTE 23 – 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 31 March 2020 and 31 December 2019:

	31 March 2020	**31 December 2019**
Total financial liabilities	2,395,085	2,438,052
Cash and cash equivalents	(371,212)	(648,342)
Total financial liabilities, net	**2,023,873**	**1,789,710**
Total equity	1,376,748	1,252,541
Financial liabilities / equity ratio	**1.47**	**1.43**

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.

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(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.

The credit risk arising from dealers' and other customers' 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).

	Receivables						
	Trade receivables		Other receivables				
31 March 2020	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits**	**Derivative instruments**	**Other**
Exposure to maximum credit risk as at reporting date (A+B+C+D) (*)	542,986	223,796	6,316	89,158	371,145	-	-
- Guaranteed portion of the maximum exposure	-	84,941	-	-	-	-	-
A. Net carrying amount of financial assets which are neither impaired nor overdue (**)	542,747	194,414	6,316	89,158	371,145	-	-
B. Net carrying amount of financial assets which are overdue but not impaired (***)	239	29,382	-	-	-	-	-
C. Net carrying amount of impaired assets	-	-	-	-	-	-	-
- Past due (gross book value)	-	5,562	-	-	-	-	-
- Impairment (-)	-	(5,562)	-	-	-	-	-
- Guaranteed portion of net values (*)	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Guaranteed portion of net values (*)	-	84,941	-	-	-	-	-
D. Off financial statement items with credit risks (****)	-	-	-	-	-	-	-

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

	Receivables						
	Trade receivables		Other receivables		Bank	Derivative	
31 December 2019	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**deposits**	**instruments**	**Other**
Exposure to maximum credit risk as at reporting date (A+B+C+D) (*)	542,311	203,035	6,795	135,486	648,170	-	-
- Guaranteed portion of the maximum exposure	-	78,892	-	-	-	-	-
A, Net carrying amount of financial assets which are neither impaired nor overdue (**)	542,311	168,392	6,795	135,486	648,170	-	-
B, Net carrying amount of financial assets which are overdue but not impaired (***)	-	34,643	-	-	-	-	-
C, Net carrying amount of impaired assets	-	-	-	-	-	-	-
- Past due (gross book value)	-	2,701	-	-	-	-	-
- Impairment (-)	-	(2,701)	-	-	-	-	-
- Guaranteed portion of net values (*)	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Guaranteed portion of net values (*)	-	78,892	-	-	-	-	-
D, Off financial statement items with credit risks (****)	-	-	-	-	-	-	-

(*) 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 31 March 2020 and 31 December 2019, 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 31 March 2020 and 31 December 2019, 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 31 March 2020 and 31 December 2019, maximum level of credit risk born in relation to letter of guarantees given in favor of related parties are indicated.

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NOTE 23 – 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 31 March 2020 and 31 December 2019, the aging of past due receivables that are not impaired are as follows:

	Receivables		Deposits on banks	Derivative instruments	Other
31 March 2020	**Trade receivables**	**Other receivables**			
Past due 1-30 days	29,621	-	-	-	-
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,	1,235	-	-	-	-

	Receivables		Deposits on banks	Derivative instruments	Other
31 December 2019	**Trade receivables**	**Other receivables**			
Past due 1-30 days	34,643	-	-	-	-
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,	1,388	-	-	-	-

(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 31 March 2020, the Group have lines of credit amounting to EUR 784,000, USD 360,000, CHF 5,000 and TL 3,662,500 (31 December 2019: lines of credit amounting to EUR 870,500, USD 360,000, CHF 5,000 and TL 3,662,500). 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 EUR 273,035 equivalent to TL 1,969,948 (31 December 2019: EUR 273,035 equivalent to TL 1,815,847) that enables the Group to perform credit purchases from original equipment manufacturers with an option to pay in 12 months. The Group's credit card purchase limit amounting to EUR 203,026, amounting to TL 1,464,835 are utilized (31 December 2019: EUR 194,112 equivalent to TL 1,290,960 is used).

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NOTE 23 – 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 31 March 2020 and 31 December 2019:

	31 March 2020					
Contractual maturities	**Carrying amount**	**Total contractual cash outflows**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Loans and borrowings	2,278,550	2,537,409	431,379	1,903,302	202,728	-
Trade payables to related parties	24,188	24,188	24,188	-	-	-
Trade payables to third parties	665,907	665,907	194,002	471,905	-	-
Employee benefit obligations	9,355	9,355	9,355	-	-	-
Lease liabilities	116,535	198,431	12,558	33,738	136,685	15,450
Other current liabilities (*)	237	237	237	-	-	-
Total non-derivative financial liabilities	**3,094,772**	**3,435,527**	**671,719**	**2,408,945**	**339,413**	**15,450**

	31 December 2019					
Contractual maturities	**Carrying amount**	**Total contractual cash outflows**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Loans and borrowings	2,320,281	2,589,249	540,929	1,838,126	210,194	-
Trade payables to related parties	47,573	47,573	47,573	-	-	-
Trade payables to third parties	665,690	665,690	153,526	512,164	-	-
Employee benefit obligations	18,648	18,648	18,648	-	-	-
Lease liabilities	117,771	205,899	10,259	29,691	149,147	16,802
Other current liabilities (*)	8,588	8,588	8,588	-	-	-
Total non-derivative financial liabilities	**3,178,551**	**3,535,647**	**779,523**	**2,379,981**	**359,341**	**16,802**

(*) VAT payable is excluded from other current liabilities.

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

NOTE 23 – 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		
31 March 2020		
	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	(125)	125
2- USD risk averse portion (-)	-	-
3- Net USD effect (1+2)	**(125)**	**125**
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	(2,158)	2,158
5- Euro risk averse portion (-)	-	-
6- Net Euro effect (4+5)	**(2,158)**	**2,158**
TOTAL (3+6)	**(2,283)**	**2,283**

Currency sensitivity analysis		
31 December 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	(195)	195
2- USD risk averse portion (-)	-	-
3- Net USD effect (1+2)	**(195)**	**195**
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	2,517	(2,517)
5- Euro risk averse portion (-)	-	-
6- Net Euro effect (4+5)	**2,517**	**(2,517)**
TOTAL (3+6)	**2,322**	**(2,322)**

Currency sensitivity analysis		
31 March 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	(71)	71
2- USD risk averse portion (-)	-	-
3- Net USD effect (1+2)	**(71)**	**71**
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	(47,437)	47,437
5- Euro risk averse portion (-)	-	-
6- Net Euro effect (4+5)	**(47,437)**	**47,437**
TOTAL (3+6)	**(47,508)**	**47,508**

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

NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(c) Currency risk (Continued)

Foreign exchange rates for USD, Euro and CHF as at 31 March 2020, 31 December 2019 and 31 March 2019 are as follows:

	31 March 2020	31 December 2019	31 March 2019
USD	6.5160	5.9402	5.6284
EUR	7.2150	6.6506	6.3188
CHF	6.8013	6.0932	5.6393

As at 31 March 2020, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	31 March 2020				
		Original balances			
	Total TL equivalent	USD	EUR	CHF	Other
Assets:					
Trade receivables	173	-	24	-	-
Monetary financial assets	1,049	5	136	3	20
Other monetary assets	638,129	14	88,431	-	-
Total assets	**639,351**	**19**	**88,591**	**3**	**20**
Trade payables	539,171	211	74,539	-	-
Financial liabilities	121,970	-	16,905	-	-
Other monetary liabilities	-	-	-	-	-
Current liabilities	**661,141**	**211**	**91,444**	**-**	**-**
Financial liabilities	988	-	137	-	-
Non-current liabilities	**988**	**-**	**137**	**-**	**-**
Total liabilities	**662,129**	**211**	**91,581**	**-**	**-**
Net foreign currency liability position of derivative financial liabilities off statement of financial position	**-**	**-**	**-**	**-**	**-**
Net foreign currency (liability)/asset position	**(22,778)**	**(192)**	**(2,990)**	**3**	**20**
Monetary items net foreign (liability)/asset position					
Sureties and letters of guarantee taken	21,489	378	2,637	-	-
Sureties and letters of guarantee given	2,040,929	-	282,873	-	-
Import	3,024,146	-	419,147	-	-

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

NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(c) Currency risk (Continued)

As at 31 December 2019, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	31 December 2019				
		Original balances			
	Total TL equivalent	**USD**	**EUR**	**CHF**	**Other**
Assets:					
Trade receivables	173	-	26	-	-
Monetary financial assets	8,315	78	1,176	3	19
Other monetary assets	661,288	78	99,362	-	1
Total assets	**669,776**	**156**	**100,564**	**3**	**20**
Trade payables	532,742	446	79,706	-	-
Financial liabilities	111,371	-	16,746	-	-
Other monetary liabilities	192	10	20	-	-
Current liabilities	**644,305**	**456**	**96,472**	**-**	**-**
Financial liabilities	2,035	-	306	-	-
Non-current liabilities	**2,035**	**-**	**306**	**-**	**-**
Total liabilities	**646,340**	**456**	**96,778**	**-**	**-**
Net foreign currency liability position of derivative financial liabilities off statement of financial position	-	-	-	-	-
Net foreign currency (liability)/asset position	**23,436**	**(300)**	**3,786**	**3**	**20**
Monetary items net foreign (liability)/asset position					
Sureties and letters of guarantee taken	21,271	380	2,859	-	-
Sureties and letters of guarantee given	2,186,445	-	328,759	-	-
Import	7,292,354	-	1,096,496	-	-

As at 31 March 2020, goods-in-transit of the Group amount to Euro 79,503 equivalent to TL 573,614 (31 December 2019: Euro 82,945 equivalent to TL 551,631).

NOTE 23 – 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 31 March 2020, all other variables held constant, the Group's equity would have been increased/decreased by TL 5,657 (31 December 2019: TL 5,657).

(e) Interest rate risk

As of 31 March 2020 and 31 December 2019, 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.

As of 31 March 2020, within the scope of fair value sensitivity test performed by Group, under the assumption of 10% increase/decrease in Doğuş Holding shares value which belongs the the Group, the total assets and equity of the Group would increase/decrease by TL 59,261 and 58,611 respectively.

NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(f) Fair value (Continued)

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.

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 whom 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 that 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.

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

NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(f) Fair value (Continued)

As of 31 March 2020 and 31 December 2019, net carrying amounts and fair values of assets and liabilities as shown below:

31 March 2020	Loans and receivables	Financial assets measured at fair value through other comprehensive income	Financial liabilities at amortised cost	Net carrying amount	Fair value	Note
Financial assets						
Cash and cash equivalents	371,212	-	-	371,212	371,212	5
Financial investments	-	561,463	-	561,463	561,463	6
Trade receivables from third parties	223,796	-	-	223,796	223,796	-
Other receivables from third parties	89,158	-	-	89,158	89,158	-
Trade receivables from related parties	542,986	-	-	542,986	542,986	22.1
Other receivables from related parties	6,316	-	-	6,316	6,316	22.2
Financial liabilities						
Trade payables to third parties	-	-	665,907	665,907	665,907	8.2
Trade payables to related parties	-	-	24,188	24,188	24,188	22.5
Borrowings	-	-	2,278,550	2,278,550	2,278,550	7
Lease liabilities	-	-	116,535	116,535	116,535	7

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

NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(f) Fair value (Continued)

31 December 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
Financial assets						
Cash and cash equivalents	648,342	-	-	648,342	648,342	5
Financial investments	-	561,463	-	561,463	561,463	6
Trade receivables from third parties	203,035	-	-	203,035	203,035	-
Other receivables from third parties	135,486	-	-	135,486	135,486	-
Trade receivables from related parties	542,311	-	-	542,311	542,311	22.1
Other receivables from related parties	6,795	-	-	6,795	6,795	22.2
Financial liabilities						
Trade payables to third parties	-	-	665,690	665,690	665,690	8.2
Trade payables to related parties	-	-	47,573	47,573	47,573	22.5
Borrowings	-	-	2,320,281	2,320,281	2,320,281	7
Lease liabilities	-	-	117,771	117,771	117,771	7

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

NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(f) Fair value (Continued)

Classification regarding fair value measurement

"TFRS 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:

	31 March 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Available-for-sale financial assets (Note 6)	-	561,463	-	561,463
Total financial assets	**-**	**561,463**	**-**	**561,463**

	31 December 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Available-for-sale financial assets (Note 6)	-	561,463	-	561,463
Total financial assets	**-**	**561,463**	**-**	**561,463**

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

NOTE 24 – RIGHT OF USE ASSET

As of 31 March 2020, the net book value of the right of use assets is TL 102,816 (31 March 2019: TL 137,392). As of 31 March 2020 and 2019, the balances of the right to use assets and the depreciation and amortization expenses during the period are as follows:

31 March 2020	**Showroom and area leases**	**Motor vehicles**	**Other**	**Total**
Right of use asset - 1 January 2020	**100,628**	**8,568**	**1,809**	**111,005**
Additions	565	66	-	631
Depreciation expenses	(6,956)	(1,414)	(450)	(8,820)
Right of use asset - 31 March 2020	**94,237**	**7,220**	**1,359**	**102,816**

31 March 2019	**Showroom and area leases**	**Motor vehicles**	**Other**	**Total**
Right of use asset - 1 January 2019	**131,803**	**16,291**	**-**	**148,094**
Additions	-	-	-	-
Depreciation expenses	(8,260)	(2,442)	-	(10,702)
Right of use asset - 31 March 2019	**123,543**	**13,849**	**-**	**137,392**

As of 31 March 2020, TL 8,820 depreciation expense arising from the usage rights is accounted under general administrative expenses (31 March 2019: TL 10,702).

NOTE 25 – SUBSEQUENT EVENTS

As announced in public disclousure platform on 13 April 2020; It was stated that an investigation has been initiated by the Competition Authority to determine whether there has been a violation of Article 4 of the Law No. 4054.

Doğuş Oto, subsidiary of the company, decided to distribute TL 80,000 dividend in its General Assembly held on 3 April 2020 and distributed its dividends.

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