ANADOLU ISUZU OTOMOTİV
SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT OF INDEPENDENT AUDITORS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2013

(ORIGINALLY ISSUED IN TURKISH)

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CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2013 AND 31 DECEMBER 2012
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	30 June 2013	Restated 31 December 2012
ASSETS			
Current Assets		**312.864.506**	**341.823.749**
Cash and cash equivalents	4	10.468.590	17.375.341
Trade receivables			
Due from related parties	28	384.825	411.807
Other trade receivables	7	143.208.843	151.327.905
Other receivables			
Other receivables	8	6.805.664	9.249.054
Inventories	9	143.430.635	155.722.136
Prepaid expenses	16	727.969	153.283
Other current assets	16	3.599.192	3.345.435
Sub Total		**308.625.718**	**337.584.961**
Assets held for sale	17	4.238.788	4.238.788
Non-current Assets		**86.207.408**	**83.994.765**
Financial assets	5	3.898	3.898
Trade receivables			
Other trade receivables	7	219.282	127.604
Other receivables			
Other receivables	8	1.830	1.569
Property, plant and equipment	10	55.485.376	55.994.613
Intangible assets	11	20.911.833	17.786.980
Goodwill	12	2.340.995	2.340.995
Prepaid expenses	16	2.744	2.796
Deferred tax asset	26	7.241.450	7.736.310
TOTAL ASSET		**399.071.914**	**425.818.514**

These consolidated financial statements as of and for the period 1 January - 30 June 2013 have been approved for issue by the Board of Directors ("BOD") on 5 August 2013 and signed by Sales and Marketing Director Ahmet Fatih TAMAY and Finance Director Bekir TÖMEK on behalf of BOD.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.
CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2013 AND 31 DECEMBER 2012
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	30 June 2013	Restated 31 December 2012
LIABILITIES			
Current liabilities		**182.461.170**	**187.451.634**
Financial liabilities	6	88.021.292	75.697.094
Trade payables			
Due to related parties	28	45.121.096	49.538.159
Other trade payables	7	33.075.322	47.854.453
Other payables			
Due to related parties	28	9.109	13.066
Other payables	8	8.523.410	7.922.757
Deferred income	16	599.201	632.183
Current income tax liabilities	26	30.390	46.038
Provisions			
Other provisions	14	7.081.350	5.747.884
Non-current liabilities		**43.114.897**	**72.301.211**
Financial liabilities	6	30.000.000	60.000.000
Deferred income	16	1.005.469	1.300.637
Provisions			
Provision for employee benefits	15	12.109.428	11.000.574
EQUITY	**18**	**173.495.847**	**166.065.669**
Shareholders' equity		**173.478.560**	**166.046.871**
Paid-in capital		25.419.707	25.419.707
Adjustment to share capital		86.901.880	86.901.880
Other comprehensive income/expense items that will not be reclassified to profit or loss			
Remeasurements of provision for employment termination benefits		(194.632)	(70.483)
Restricted reserves		14.744.014	14.693.894
Retained earnings		39.048.753	37.762.889
Net income for the period		7.558.838	1.338.984
Non-controlling interests	**18**	**17.287**	**18.798**
TOTAL LIABILITIES AND EQUITY		**399.071.914**	**425.818.514**

CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 1 JANUARY - 30 JUNE 2013 AND 2012

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	01.01.2013-30.06.2013	Restated 01.01.2012-30.06.2012	01.04.2013-30.06.2013	Restated 01.04.2012-30.06.2012
CONTINUING OPERATIONS					
Revenue	**19**	270.324.396	229.358.830	158.121.067	130.478.131
Cost of sales (-)	**19**	(224.016.832)	(200.439.186)	(131.817.239)	(114.739.312)
GROSS PROFIT		**46.307.564**	**28.919.644**	**26.303.828**	**15.738.819**
General administrative expenses (-)	**20**	(12.882.283)	(11.008.104)	(7.143.712)	(5.941.962)
Marketing, selling and distribution expenses (-)	**20**	(23.728.442)	(18.515.282)	(13.103.764)	(10.873.401)
Research and development expenses (-)	**20**	(863.936)	(681.282)	(526.760)	(351.898)
Other income	**22**	4.136.290	7.004.267	401.023	323.063
Other expenses (-)	**22**	(1.536.752)	(2.412.604)	(529.090)	(386.788)
OPERATING PROFIT		**11.432.441**	**3.306.639**	**5.401.525**	**(1.492.167)**
Income from investing activities	**23**	2.410.709	107.298	2.333.121	63.486
Expenses from investing activities (-)	**23**	-	(83.062)	**-**	**-**
OPERATİNG PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		**13.843.150**	**3.330.875**	**7.734.646**	**(1.428.681)**
Financial expenses (-)	**25**	(8.421.461)	(8.872.689)	(3.709.655)	(3.862.574)
Financial income	**24**	2.728.203	1.779.035	1.648.848	1.274.533
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**8.149.892**	**(3.762.779)**	**5.673.839**	**(4.016.722)**
Income tax (loss)/ income from continuing operations		**(592.565)**	**1.490.515**	**(691.608)**	**1.136.828**
Taxes on income (-)	**26**	(66.668)	(70.066)	(31.606)	(34.098)
Deferred tax (loss)/ income	**26**	(525.897)	1.560.581	(660.002)	1.170.926
INCOME/ (LOSS) FROM CONTINUING OPERATIONS		**7.557.327**	**(2.272.264)**	**4.982.231**	**(2.879.894)**
INCOME/ (LOSS) FOR THE YEAR		**7.557.327**	**(2.272.264)**	**4.982.231**	**(2.879.894)**
Attributable to:		**7.557.327**	**(2.272.264)**	**4.982.231**	**(2.879.894)**
Non-controlling interests	**18**	(1.511)	(1.732)	(2.124)	(2.240)
Owners of the parent	**18**	7.558.838	(2.270.532)	4.984.355	(2.877.654)
Income/ (Loss) per hundred shares	**27**	**0,2974**	**(0,0893)**	**0,1961**	**(0,1132)**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of provision for employment termination benefits		(155.186)	(44.052)	(143.589)	(22.026)
Tax effect related with other comprehensive income items		31.037	8.810	28.718	4.405
Other comprehensive income for the period, net of tax		(124.149)	(35.242)	(114.871)	(17.621)
Total comprehensive income for the period		**7.433.178**	**(2.307.506)**	**4.867.360**	**(2.897.515)**
Non-controlling interests		(1.511)	(1.732)	(2.124)	(2.240)
Owners of the parent		7.434.689	(2.305.774)	4.869.484	(2.895.275)

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

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE INTERIM PERIOD ENDED 30 JUNE 2013 AND 2012
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	30 June 2013	Restated 30 June 2012
Operating activities:			
Net income/ (loss)	**18**	**7.558.838**	**(2.270.532)**
Adjustments to reconcile net cash generated:			
Adjustments for amortisation	**10**	3.699.729	3.467.708
Adjustments for depreciation	**11**	2.422.442	1.726.526
Adjustments for provision for employment termination benefits	**15**	1.386.390	1.311.942
Adjustments for on income taxes	**26**	592.565	(1.490.515)
Adjustments for interest income	**24**	(1.317.041)	(370.247)
Adjustments for interest expense	**25**	6.114.115	5.749.832
Other adjustments		1.943.485	1.440.982
Loss on sales of tangible assets	**23**	(2.410.709)	(24.236)
Net operating income before changes in assets and liabilities:		**19.989.814**	**9.541.460**
Changes in assets and liabilities:			
Net (increase)/decrease in trade receivables		9.795.670	2.173.111
Net decrease/ (increase) in inventories	**9**	12.291.501	(43.917.336)
Net decrease/ (increase) in other current assets	**8-16**	1.614.947	(5.424.711)
Net decrease/(increase) in other non-current assets		(91.887)	699.184
Net (increase)/decrease in trade payables	**7-28**	(19.008.831)	30.017.638
Net (decrease)/increase in other liabilities		479.037	1.341.259
Taxes paid		(80.554)	(76.187)
Employment benefits paid	**15**	(520.826)	(223.703)
Cash flows generated from/(used in) operating activities:		**24.468.871**	**(5.869.285)**
Investing activities:			
Purchase of property, plant and equipment	**10**	(3.352.451)	(2.506.837)
Purchase of intangible assets	**11**	(5.547.295)	(3.148.122)
Cash flows used in investing activities:		**(8.899.746)**	**(5.654.959)**
Financing activities:			
Dividend payments		(3.000)	(10.349.086)
Interests received		1.296.901	371.761
Interests paid		(5.873.250)	(3.646.759)
Proceeds from borrowings		44.000.000	63.590.000
Repayments of borrowings		(61.916.667)	(42.033.333)
Net cash (used in)/generated from financing activities:		**(22.496.016)**	**7.932.583**
Net decrease in cash and cash equivalents		**(6.926.891)**	**(3.591.661)**
Cash and cash equivalents at the beginning of period	**4**	17.374.113	16.451.196
Cash and cash equivalents at the end of period	**4**	**10.447.222**	**12.859.535**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 30 JUNE 2013 AND 2012

					Other Comprehensive Income And Expense that will not be reclassified to profit or loss		Retained Earnings				
Prior period Reviewed	**Notes**	**Paid in capital**	**Adjustment to share capital**	**Total paid in capital**	**Gain/loss on revaluation and remeasurement**	**Restricted reserves**	**Retained earnings**	**Net profit for the period**	**Owners of the parent**	**Non-controlling interests**	**Total equity**
1 January 2012	**18**	**25.419.707**	**86.901.880**	**112.321.587**	**-**	**13.739.132**	**35.713.916**	**13.352.821**	**175.127.456**	**18.507**	**175.145.963**
Net profit for the period		-	-	-	-	-	-	(2.270.532)	(2.270.532)	(1.732)	**(2.272.264)**
Other comprehensive income		-	-	-	(35.242)	-	-	-	(35.242)	-	**(35.242)**
Total comprehensive income		**-**	**-**	**-**	**(35.242)**	**-**	**-**	**(2.270.532)**	**(2.305.774)**	**(1.732)**	**(2.307.506)**
Transfers		-	-	-	-	954.762	12.398.059	(13.352.821)	-	-	-
Dividend payments		-	-	-	-	-	(10.349.086)	-	**(10.349.086)**	-	**(10.349.086)**
30 June 2012	**18**	**25.419.707**	**86.901.880**	**112.321.587**	**(35.242)**	**14.693.894**	**37.762.889**	**(2.270.532)**	**162.472.596**	**16.775**	**162.489.371**
Current period Reviewed											
1 January 2013	**18**	**25.419.707**	**86.901.880**	**112.321.587**	**-**	**14.693.894**	**37.692.406**	**1.338.984**	**166.046.871**	**18.798**	**166.065.669**
Changes in the Accounting Policies					**(70.483)**		**70.483**				
Net profit for the period		-	-	-	-	-	-	7.558.838	**7.558.838**	**(1.511)**	**7.557.327**
Other comprehensive income		-	-	-	**(124.149)**	-	-	-	**(124.149)**	-	**(124.149)**
Total comprehensive income		**-**	**-**	**-**	**(124.149)**	**-**	**70.483**	**7.558.838**	**7.434.689**	**(1.511)**	**7.433.178**
Transferler		-	-	-	-	-	1.338.984	(1.338.984)	-	-	-
Dividend payments		-	-	-	-	50.120	(53.120)	-	**(3.000)**	-	**(3.000)**
30 June 2013	**18**	**25.419.707**	**86.901.880**	**112.321.587**	**(194.632)**	**14.744.014**	**39.048.753**	**7.558.838**	**173.478.560**	**17.287**	**173.495.847**

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Anadolu Isuzu Otomotiv Sanayi ve Ticaret Anonim Şirketi (the "Company") was established in 1980. Activities of the Company are comprised mainly of manufacturing, assembling, marketing, importing and exporting of commercial vehicles, including sale of relevant automotive spare parts of the commercial vehicles. The Company is registered to Capital Markets Board of Turkey and 15% of the Company's shares have been traded on Istanbul Stock Exchange since 1997.

The Company carries out its operations as a partnership formed by Isuzu Motors Ltd., Itochu Corporation and Anadolu Group Companies. The Company runs its manufacturing operations in a factory established in Cayırova/Kocaeli. The average number of employees as of 30 June 2013 is 621 (31 December 2012: 625).

The Company's official address registered in the Trade Registry is Esentepe Mahallesi Anadolu Caddesi No:3 Kartal, Istanbul.

As of 30 June 2013 and 31 December 2012, details regarding the Company's subsidiaries, which are subject to consolidation, are as follows:

Subsidiaries	Nature of business	Capital	Ownership interest held by the Company (%)
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.	Trade of spare parts	716.000	99,44
Anadolu Isuzu Dış Ticaret ve San. A.Ş.	Trade	100.000	97,00

Hereafter, the Company and the subsidiaries will be referred as (the "Group") in the consolidated financial statements and notes to the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

The enclosed interim consolidated financial statements have been prepared in line with Capital Markets Board ("CMB"), Communiqué Serial: II, No. 14.1 on "Principles on Financial Reporting in Capital Market", promulgated in Official Gazette No. 28676 dated 13 June 2013. Pursuant to Article 5 of the Communiqué, Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/TFRS") enforced by Public Oversight Accounting and Auditing Standards Authority ("KGK"), and their relevant appendices and interpretations ("TAS/TFRS") have been taken as basic.

The Group has prepared its consolidated financial statements for the interim period ending on 30 June 2013 within the framework of CMB's Communiqué Serial: XII, No. 14.1 and announcements introducing explanations to this communiqué and in line with TAS 34 "Interim Financial Reporting" standard. Interim consolidated financial statements and notes have been presented in accordance with the formats recommended to be applied by CMB and by including the obligatory information.

The Company (and its Affiliates registered in Turkey) takes the Turkish Commercial Code ("TCC"), tax legislation and Uniform Chart of Accounts introduced by Turkish Ministry of Finance as basic for book keeping and preparation of the statutory financial statements. Interim consolidated financial statements have been prepared in Turkish Lira based on the historical costs, as well as the financial assets and liabilities presented with their fair values. Interim consolidated financial statements have been arranged by applying the required adjustments and classifications to the statutory records prepared on historical cost basis in order to provide accurate presentation in line with TAS/TFRS.

Preparation of Financial Statements in Hyperinflationary Periods
In accordance with the CMB's decision No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the application of IFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, IAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

2.1.2 Consolidation principles

(a) Subsidiaries

Subsidiaries are the companies, whose shares are held by the Company directly or indirectly through shares of other companies. As a result, the Company, with or without over 50% of voting right, has the power and authority to direct and control the management and policies of the Subsidiary companies whether through the ownership of voting securities, by contract or otherwise.

Balance sheet and income statements of the Subsidiaries are consolidated according to "the full consolidation method". The book value of the Company's investments in Subsidiaries and the Subsidiaries' capitals were netted accordingly. Transactions and balances between the Company and Subsidiaries are eliminated during consolidation.

The table below sets out the Subsidiaries interest at 30 June 2013 and 31 December 2012:

	Proportion of effective interest (%)		Direct and indirect ownership interest held by Company	
Subsidiaries	**30 June 2013**	**31 December 2012**	**30 June 2013**	**31 December 2012**
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş	99.44	99.44	99.44	99.44
Anadolu Isuzu Dış Ticaret ve San. A.Ş.	97.00	97.00	97.00	97.00

(b) Financial assets at fair value through profit or loss

Available-for-sale financial assets in which the Group, have ownership interests below 20%, or over which the Group does not exercise a significant influence or which are immaterial and do not have quoted market prices in active markets and whose fair values cannot be reliably measured, are carried at cost, less any provision for diminution in value.

(c) Minority interest

The minority shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated balance sheets and income statements as "minority interest". If losses related to minority interest are over benefits from shares of a subsidiary and if there is no bounding liability to the minority, in general, these losses related with the minority result against to benefits of the minority.

2.1.3 Offsetting

The financial assets and liabilities in the consolidated financial statements are shown at their net value when a legal granted permission, an intention of stating the consolidated financial statements with their net values and the financial asset and liabilities are arisen concurrently.

2.1.4 Comparatives and adjustment of prior periods' financial statements

The Group's consolidated financial statements for the current period are prepared in comparison with the previous periods in order to be able to determine the financial position and performance trends. The comparative information is reclassified when necessary with the aim of ensuring consistency with the presentation of the current period's consolidated financial statements.

Accordingly, the Group has reclassified its actuarial gains/losses relating to the severance pay liability that was recognised in its income statement and reflected to accumulated profit/loss within the financial statements dated 31 December 2012 as "Revaluation and measurement gains/losses" in other comprehensive income and equities within the scope of the amendments made in "IAS 19 Employee Benefits" standard. The effect of this adjustment on 2012 profit (including deferred tax effect) has been an income amounting to TRY70.483.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

2.1.4 Comparatives and adjustment of prior periods' financial statements (Continued)

In accordance with the announcement regarding the financial statements and note formats, which would be prepared as per the decision taken at CMB meeting No. 20/670 dated 07 June 2013, the Group has made the necessary classifications according to the changes in display made in the current period, in consolidated financial statements of the interim period.

2.1.5 Amendments in International Financial Reporting Standards

a. Standards, amendments and interpretations which are effective from 30 June 2013

- IAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income.

- IAS 19/TAS (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The standard requires past service cost to be recognized immediately in profit or loss. There is a new term "remeasurement" and remeasurement will be recognized in OCI and no longer be recognized in profit or loss.

- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company.

- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form.

- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 10, 11 and 12 on transition guidance (amendment), is effective for annual periods beginning on or after 1 January 2013. The amendment also provides additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosure related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for the periods before IFRS 12 is applied.

- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

2.1.5 Amendments in International Financial Reporting Standards (Continued)

a. Standards, amendments and interpretations which are effective from 30 June 2013 (Continued)

- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

- IFRS 7 (amendment), "Financial instruments: Disclosures", on offsetting financial assets and financial liabilities, is effective for annual periods beginning on or after 1 January 2013. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.

- IFRS 1 (amendment), "First time adoption", on government loans, is effective for annual periods beginning on or after 1 January 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS.

- Annual Improvements to IFRSs in 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments affect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

- IFRIC 20, "Stripping costs in the production phase of a surface mine", effective for annual beginning on or after 1 January 2013. The standard includes recognition of stripping cost.

b. **Standards, amendments and interpretations which are not effective from 30 June 2013**

- IAS 32 (amendment), "Financial instruments": Presentation on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, "Financial instruments: Presentation", to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- IFRS 9, "Financial instruments: Classification and Measurement", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.

Changes do not have material effect over the consolidated financial statements of the Group.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies

2.2.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value.

2.2.2 Trade receivables and valuation allowance

Trade receivables as a result of providing goods or services by the Group directly to a debtor are carried at amortised cost. Short-term receivables with no stated interest rate are measured at the original invoice amount since the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the impairment amount decreases due to an event occurring after the write-down, the release of the provision is credited to other income in the current period.

The Company collects most of the receivables from domestic vehicles sales through the "Direct Debit System" (DDS). Within this system which is also named as Direct Collection System; the contracted banks warrant the collection of the receivables within the limits granted to the dealers. Trade receivables are transferred by the contracted banks to the Company's bank accounts at the due dates.

2.2.3 Inventories

Inventories are valued at the lower of cost or net realisable value. The inventories of the Group mainly composed of trucks, small trucks, midi buses, pickups and spare parts which belong to those vehicles. The cost of inventories is determined on the moving monthly average basis. Cost elements included in inventories are materials, labor and an appropriate amount of factory overheads and exclude the cost of borrowing. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Idle time expenses arising from the ceases in production other than planned in the factory's annual production plan are not associated with inventories and are recognised as cost of finished goods.

2.2.4 Assets Held for Sale

An asset classified as an asset held for sale (or a group of assets to be disposed of) is measured with either its book value or sales cost deducted fair value (with the lower one). In order for an asset to be classified as an asset held for sale (or a group of assets to be disposed of), it should be promptly saleable under usual conditions frequently encountered in sales of such assets with a high possibility of being sold. To achieve a high possibility of sales, proper administrative level should make a plan for sales of the asset and start an active program for completion of the plan by determining purchasers. Furthermore, the asset should be put to the market actively with a price compatible with its fair value (Note 17).

2.2.5 Property, plant and equipment

For assets acquired after 2005, the tangible basis assets are reflected to the consolidated financial statements by deducting their accumulated depreciation from their cost. For assets that were acquired before 1 January 2005, the tangible fixed assets are presented on the consolidated financial statement based on their cost basis, which is adjusted according to the inflationary effects as of 31 December 2004. Depreciation is calculated using the straight-line method based on their economic lives.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

2.2.5 Property, plant and equipment (Continued)

The following rates, determined in accordance with the economic lives of the fixed assets, are used in calculation of depreciation:

Type	**Depreciation rates (%)**
Buildings	2-5
Machinery and equipment	10-20
Fixtures and Furniture	10-20
Motor Vehicles	10-20
Land Improvements	5-6

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in other operating income and losses.

Repair and maintenance expenses are charged to the statement of income as they are incurred. Repair and maintenance expenditures are capitalised if they result in an enlargement or substantial improvement of the respective asset.

2.2.6 Intangible assets

Intangible assets acquired before 01 January 2005 are carried at indexed historical cost for inflation effects as at 31 December 2004; however, purchases after 01 January 2005 are carried at their historical cost less accumulated amortization and impairment. Intangible assets are depreciated on a straight-line basis over their expected useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are comprised of software programme rights, brand and patent rights and development expenses.

Amortization is calculated using the straight-line method based on their economic lives unless they exceed five years.

2.2.7 Goodwill and related amortisation

In consolidated financial statements, if goodwill and negative goodwill which are resulted from the difference of purchase price and fair value of net assets of the acquired share of the affiliate are realised from the purchases before 31 March 2004, they are amortised by using the capitalised and normal amortisation method over its useful life until end of 31 December 2004. Within the framework of IFRS 3 - "Business Combinations" amortisation is not applied for goodwill which is resulted from acquisitions after 31 March 2004. The calculated goodwill is evaluated and if impairment is required, a provision for impairment is accounted for. Also, for the acquisitions after 31 March 2004, if negative goodwill exists, the amount is reviewed and credited to income statement in the period negative goodwill occurred. Within the framework of IFRS 3, after 31 March 2004, in the beginning of first upcoming annual accounting period (1 January 2005), the Group has halted the amortisation of goodwill which was resulted from the transactions before 31 March 2004. Impairment of goodwill is not cancellable. The Group performs impairment testing during the year-ends.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

2.2.8 Impairment of assets

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the recoverable amount of the asset is presumed. The recoverable amount is presumed in each year-end for unusable intangible assets. An impairment loss is recognised for the amount by which the carrying amount of the asset or a cash generating unit related to the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognised in the statement of income.

Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

2.2.9 Loans and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings. When it comes to the assets which take long time to get ready to usage and sales, borrowing costs related to production or construction are integrated to the cost of the asset.

2.2.10 Taxes on income

Taxes include current period income taxes and deferred taxes. Current year tax liability consists of tax liability on the taxable income calculated according to currently enacted tax rates and to the effective tax legislation as of balance sheet date.

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will affect the future period tax charges based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilised or deferred tax liabilities will be settled, are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

2.2.11 Provision for employee benefits

Provision for employee benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees, completion of one year of service of the employees, employees' being calling up for military service or the death of employees calculated in accordance with the Turkish Labor Law.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

2.2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the provision amount decreases, in the case of an event occurring after the provision is accounted for, the related amount is classified as other income in the current period.

2.2.13 Research and development expenses

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as expense as incurred. Subsidies received from Tübitak are accounted for as deferred income by Group and are offsetted with amortisation expenses in the income statements in line with the useful life of the completed projects.

Group calculates deferred tax income in consolidated financial statements for the balances subjected to R&D deductions (Note 23).

Development costs are directly recognised as expense. Development expenses recognised as expense in prior periods are not subject to capitalisation in subsequent periods.

2.2.14 Warranty provision expenses

Warranty expenses are recognised on an accrual basis for amounts estimated based on prior periods' realisation.

22.2.15 Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by/or affiliated with them, and associated companies are considered and referred to as related parties. The transactions with related parties for operating activities are made with prices which are convenient with market prices.

2.2.16 Foreign currency transactions

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the exchange rates prevailing at the balance sheet dates. Foreign currency exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the statement of income.

2.2.17 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

2.2.17 Fair value of financial instruments (Continued)

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practical to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated using year-end exchange rates, are considered to approximate their carrying value. The fair values of certain financial assets carried at cost, including cash and amounts due from banks and deposits with banks are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables along with the related allowances for impairment are estimated to be their fair values due to their short-term nature. Trade receivables are proposed to reflect fair value when the book value is accounted with doubtful allowance for trade receivables.

Monetary liabilities

The fair values of monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. Long-term borrowings, which are mainly denominated in foreign currencies, are translated at year-end exchange rates and their fair values approximate their carrying values as floating interest is applied on these loans generally.

2.2.18 Income per share

Income per share disclosed in the statement of income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and the revaluation surplus. For the purpose of losses per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

2.2.19 Revenue recognition

Commercial vehicle and spare part sales

The Group recognizes income according to the accrual basis, when the Group reasonably determines the income and economic benefit is probable. Group's revenues are comprised of sales of commercial vehicles and the spare parts of those commercial vehicles. Revenue is reduced for customer returns and sales discounts.

Revenue from the sale of goods is recognized when all the following conditions are gratified:

- The significant risks and the ownership of the goods are transferred to the buyer,
- The Group refrains the managerial control over the goods and the effective control over the goods sold,
- The revenue can be measured reasonably,
- It is probable that the the economic benefits related to transaction will flow to the entity,
- The costs incurred or will be incurred in conjunction with the transaction can be measured reliably.

Service sales

When the revenue from services can be measured reliably, the revenue is recorded in accordance with its completion level. If the revenue cannot be measured reliably, revenues are recognized as much as the recoverable amount of expenses that are associated with these revenues.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

2.2.19 Revenue recognition (Continued)

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rent income

Rent income from investment properties is recognized on a straight-line basis over the term of the respective lease.

When there is significant amount of cost of financing included in the sales, the fair value is determined by discounting all probable future cash flows with the yield rate, which is embedded in the cost of financing. The differences between the fair value and the nominal value are recorded as interest income according to the accrual basis.

2.2.20 Reporting of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group's operations.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid assets with less than three months to maturity.

2.2.21 Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.2.22 Government grants

Government grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Government grants are recognized as income over the periods necessary to match them with the related costs, which they are intended to compensate, on a systematic basis. Government grants and assistance received for R&D purposes of the Group are explained in Note 12.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

2.2.23 Derivative intruments

Derivative financial instruments are initially recognised in the consolidated balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency swap instruments. Group enters into forward contracts time to time in order to minimise its exposures due to having foreign currency denominated liabilities.

Derivative financial instruments which are mainly consist of foreign exchange forward contracts are initially recognised at cost and the transactions costs which are related to derivative financial instruments are included to their initial costs and subsequently are re-measured at their fair value. All derivative financial instruments are classified as financial assets which are measured at fair value and associated with income statement. Fair values of the derivative financial instruments are calculated through fair values determined in the market or using the discounted cash flow method. Fair values of forward contracts which are traded in over the counter markets, are calculated by using the market interest rate of the original currency until the exercise date of forward contract and the foreign currency exchange rate is determined by comparing the original forward rate with current forward rate at end of period. Derivative financial instruments are accounted for asset or liability if the fair value is positive or negative respectively.

Held-for-trading derivative financial instruments are initially recognised in the consolidated financial statements at cost and are subsequently re-measured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the statements of comprehensive income.

These derivative financial instruments, even though providing effective economic hedges under the Company risk management position, do not qualify for hedge accounting under the requirements of IAS 39, "Financial Instruments: Recognition and Measurement", and therefore are accounted for as derivatives held-for-trading in the consolidated financial statement.

Gains and losses in forward foreign currency purchase/sale contracts have been calculated by valuation over the spot exchange rate valid at the date of the contract's balance sheet date and comparing the determined amount to the original amount calculated by using the spot exchange rate valid at the beginning dates of the contracts over the straight-line method.

2.2.24 Accounting policies, changes in accounting estimates and errors

Accounting estimates are made based on reliable information and using appropriate estimation methods. However, if new or additional information becomes available or the circumstances, which the initial estimates based on, change, then the estimates are reviewed and revised, if necessary. If the change in the accounting estimates is only related to a sole period, then only that period's financial statements are adjusted. As of 30 June 2013, there are no changes in accounting estimates and errors in the presentation of the consolidated financial statements.

If the amendments are related to the current as well as the forthcoming periods, then both current and forthcoming periods' financial statements are adjusted. In instances where the accounting estimates affect both current and forthcoming periods, then description and monetary value of the estimate is disclosed in the notes to the financial statements.

2.2.25 Subsequent events

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when the balance sheet is authorised for issue.

In the case that events requiring an adjustment to the consolidated financial statements occur subsequent to the balance sheet date, the Group makes the necessary corrections on the consolidated financial statements.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 3 - SEGMENT REPORTING

The field of activity of the Group established in Turkey is the manufacture, assembly, import and sale of motor vehicles and spare parts. The field of activity of the Group, the nature and economic properties of products, production processes, classification according to customer risks and methods used in the distribution of products are similar. Moreover, the Group is structured on an activity basis rather than being managed under separate divisions including different activities. Thus, the operations of the Group are considered as a single activity division, and the outputs of the Group's activities, determination of the resources to be allocated to these activities, and review of the performance of these activities are evaluated accordingly.

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the period ends are as follows:

	30 June 2013	31 December 2012
Cash	35.193	31.465
Banks - Demand deposits	1.906.442	8.815.217
Banks - Time deposits (up to 3 months)	7.205.890	8.478.273
Other	1.321.065	50.386
Total	**10.468.590**	**17.375.341**

There are no blocked deposits as of 30 June 2013 and 31 December 2012.

Cash and cash equivalents presented in the consolidated cash flow statements as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Cash and banks	10.468.590	17.375.341
Less: Interest Accruals	(21.368)	(1.228)
Total (Excluding Interest Accruals)	**10.447.222**	**17.374.113**

The details of time deposits are as follows:

	30 June 2013		31 December 2012	
	Amount in TRY	Annual Interest Rate (%)	Amount in TRY	Annual Interest Rate (%)
TRY	5.865.166	4,50-6,50	6.689.924	5,30-6,00
USD	96.241	0,10	71.304	0,25
EUR	1.244.483	0,10-2,50	1.717.045	0,25-3,00
Total	**7.205.890**		**8.478.273**	

The Group does not have any time deposits with maturities longer than one month, and the time deposits are composed of fixed interest rates.

As of 30 June 2013, time and demand deposits amounting to TRY8.795.029 are at Alternatifbank A.Ş., a related party of the Group (31 December 2012: TRY8.880.512).

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 5 - FINANCIAL ASSETS

The Group's financial assets are composed of shares classified as available-for-sale financial assets and details are as follows:

Company	30 June 2013		31 December 2012	
	Share Amount	Share Ratio %	Share Amount	Share Ratio %
Efestur AŞ.	1.621	2,50	1.621	2,50
Anadolu Otomotiv Dış Ticaret A.Ş.	2.277	2,00	2.277	2,00
Total available-for-sale financial assets	**3.898**		**3.898**	

The Group's equity securities are all unlisted and are carried at their cost values.

NOTE 6 - FINANCIAL LIABILITIES

The details of bank loans as of 30 June 2013 and 31 December 2012 are as follows:

Short-term Bank Loans

	Effective Interest Rate %		Original Currency		Amount in TRY	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Short-term Bank Loans						
TRY	8,34	10,32	85.000.001	72.916.668	88.021.292	75.697.094
Total					**88.021.292**	**75.697.094**

As of balance sheet dates, bank loans with variable interest rates are as follows:

Period	30 June 2013	31 December 2012
Up to 1 month	45.418.649	1.487.112
Total	**45.418.649**	**1.487.112**

Long-term Bank Loans

	Effective Interest Rate %		Original Currency		Amount in TRY	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Long-term Bank Loans						
TRY	8,50	8,78	30.000.000	60.000.000	30.000.000	60.000.000
Total					**30.000.000**	**60.000.000**

The total book value of the long term bank borrowings was TRY30.000.000 and its fair value amounted to TRY30.013.200 as of 30 June 2013 (31 December 2012: the total book value was TRY60.000.000 and its fair value amounted to TRY59.981.421). Since the effect of net present value is not significant, the book value of current loans have been considered to be equal to the fair value.

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables at period ends are as follows:

Short-term trade receivables	30 June 2013	31 December 2012
Trade Receivables, net	138.101.124	150.295.336
Cheques Recevied, net	5.107.719	1.032.569
Doubtful Receivables	333.324	333.324
Less: Provision for doubtful receivables	(333.324)	(333.324)
Total	**143.208.843**	**151.327.905**

Movements of provision for doubtful receivables are as follows:

	30 June 2013	31 December 2012
1 January 2013	**333.324**	**333.324**
Provisions for the period	-	-
Collections during the period	-	-
30 June 2013	**333.324**	**333.324**

Long-term trade receivables	30 June 2013	31 December 2012
Export-registered VAT receivables	219.282	127.604
Total	**219.282**	**127.604**

Trade payables as of period ends are as follows:

Trade Payables	30 June 2013	31 December 2012
Trade payables, net	33.075.322	47.854.453
Total	**33.075.322**	**47.854.453**

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other Short-term Receivables Other Receivables	30 June 2013	31 December 2012
Receivables from government authorities(*)	6.307.179	9.042.740
Receivables from personnel	498.485	204.289
Deposits and guarantees given	-	2.025
Total	**6.805.664**	**9.249.054**

(*) As of 30 June 2013, the amount of Group's receivables was TRY6.189.641 which consists of the receivables related to the VAT refund request (31 December 2012: TRY8.929.678).

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other Long-term Receivables **Other Receivables**	**30 June 2013**	**31 December 2012**
Deposits and guarantees given	1.830	1.569
Total	**1.830**	**1.569**

Other Short-term Payables **Other Payables**	**30 June 2013**	**31 December 2012**
Due to personnel	1.251.698	1.595.839
Order advances received	249.479	847.403
Taxes and funds payable	1.198.063	1.820.367
Social security premiums payable	1.294.894	918.579
Taxes to be deducted	4.527.234	2.740.038
Other miscellaneous payables	2.042	531
Total	**8.523.410**	**7.922.757**

NOTE 9 - INVENTORIES

Inventory balances as of period ends are as follows:

	30 June 2013	**31 December 2012**
Raw materials	45.491.695	50.842.007
Semi-finished goods	1.041.064	1.174.595
Finished goods	47.692.642	36.079.625
Trade goods	25.773.347	36.595.916
Other inventories	7.862.107	10.474.529
Advances given for import and domestic purchases	16.323.869	21.797.478
	144.184.724	**156.964.150**
Less: Provisions for impairment of finished goods	(754.089)	(1.242.014)
Total Inventories	**143.430.635**	**155.722.136**

Movements of Provision for Impairment on Inventories	**30 June 2013**	**31 December 2012**
Opening balance	1.242.014	11.382
Less: Provision released due to the net realizable value	(487.925)	-
Current period charge	-	1.230.632
Ending balance	**754.089**	**1.242.014**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and fixtures	Other tangible Assets	Constructions in progress and advances given	Total
As of 1 January 2013	**1.408.463**	**7.579.676**	**56.326.245**	**146.687.932**	**4.661.303**	**2.783.577**	**756.239**	**-**	**220.203.435**
Additions			9.273	1.533.164	1.695.497	11.674	3.601	99.242	**3.352.451**
Transfers from CIP									**-**
Disposals	(116.223)			(11.371)	(121.570)				**(249.164)**
As of 30 June 2013	**1.292.240**	**7.579.676**	**56.335.518**	**148.209.725**	**6.235.230**	**2.795.251**	**759.840**	**99.242**	**223.306.722**
Accumulated depreciation									
As of 1 January 2013	**-**	**(6.640.425)**	**(31.468.581)**	**(119.770.634)**	**(2.951.472)**	**(2.628.015)**	**(749.695)**	**-**	**(164.208.822)**
Current period depreciation		(58.147)	(1.003.931)	(2.269.335)	(342.384)	(25.217)	(715)		**(3.699.729)**
Disposals				10.217	76.988				**87.205**
As of 30 June 2013	**-**	**(6.698.572)**	**(32.472.512)**	**(122.029.752)**	**(3.216.868)**	**(2.653.232)**	**(750.410)**	**-**	**(167.821.346)**
Net Book Value									
Net Book Value as of 1 January 2013	**1.408.463**	**939.251**	**24.857.664**	**26.917.298**	**1.709.831**	**155.562**	**6.544**	**-**	**55.994.613**
Net Book Value as of 30 June 2013	**1.292.240**	**881.104**	**23.863.006**	**26.179.973**	**3.018.362**	**142.019**	**9.430**	**99.242**	**55.485.376**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and fixtures	Other tangible Assets	Constructions in progress and advances given	Total
Cost									
As of 1 January 2012	**2.427.379**	**7.700.026**	**62.528.871**	**142.399.896**	**4.348.727**	**2.886.139**	**794.437**	**17.140**	**223.102.615**
Additions		24.500	4.747	1.778.914	504.507	67.056		127.113	**2.506.837**
Transfers									
Disposals				(307.000)	(325.271)	(65.456)			**(697.727)**
As of 30 June 2012	**2.427.379**	**7.724.526**	**62.533.618**	**143.871.810**	**4.527.963**	**2.887.739**	**794.437**	**144.253**	**224.911.725**
Accumulated depreciation									
As of 1 January 2012	**-**	**(6.586.354)**	**(32.447.509)**	**(116.171.526)**	**(2.534.148)**	**(2.757.006)**	**(792.355)**	**-**	**(161.288.898)**
Current period depreciation		(61.954)	(1.079.634)	(1.951.109)	(345.862)	(29.044)	(105)		**(3.467.708)**
Disposals				211.526	114.260	65.456			**391.242**
As of 30 June 2012	-	**(6.648.308)**	**(33.527.143)**	**(117.911.109)**	**(2.765.750)**	**(2.720.594)**	**(792.460)**	**-**	**(164.365.364)**
Net Book Value									
Net Book Value as of 1 January 2012	**2.427.379**	**1.113.672**	**30.081.362**	**26.228.370**	**1.814.579**	**129.133**	**2.082**	**17.140**	**61.813.717**
Net Book Value as of 30 June 2012	**2.427.379**	**1.076.218**	**29.006.475**	**25.960.701**	**1.762.213**	**167.145**	**1.977**	**144.253**	**60.546.361**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 11 - INTANGIBLE ASSETS

30 June 2013

Cost	Rights	Development costs	Other intangible assets	Constructions in progress and advances given	Total
As of 1 January 2013	**113.154**	**21.098.848**	**3.492.687**	**2.783.062**	**27.487.751**
Additions			338.418	5.208.877	**5.547.295**
Transfers					**-**
Disposals					**-**
As of 30 June 2013	**113.154**	**21.098.848**	**3.831.105**	**7.991.939**	**33.035.046**
Accumulated amortisation					
As of 1 January 2013	**(25.589)**	**(7.818.912)**	**(1.856.270)**	**-**	**(9.700.771)**
Current year amortisation	(3.797)	(2.109.885)	(308.760)		**(2.422.442)**
Disposals					**-**
As of 30 June 2013	**(29.386)**	**(9.928.797)**	**(2.165.030)**	**-**	**(12.123.213)**
Net Book Value					
Net Book Value as of 1 January 2013	**87.565**	**13.279.936**	**1.636.417**	**2.783.062**	**17.786.980**
Net Book Value as of 30 June 2013	**83.768**	**11.170.051**	**1.666.075**	**7.991.939**	**20.911.833**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 11 - INTANGIBLE ASSETS (Continued)

30 June 2012

Cost	Rights	Development costs	Other intangible assets	Constructions in progress and advances given	Total
As of 1 January 2012	**106.897**	**16.864.919**	**1.859.475**	**1.293.845**	**20.125.136**
Additions	2.988		6.745	3.138.389	**3.148.122**
Transfer					**-**
Disposals					**-**
As of 30 June 2012	**109.885**	**16.864.919**	**1.866.220**	**4.432.234**	**23.273.258**
Accumulated amortisation					
As of 1 January 2012	**(18.228)**	**(4.375.363)**	**(1.725.284)**	**-**	**(6.118.875)**
Current year amortisation	(3.642)	(1.686.492)	(36.392)		**(1.726.526)**
Disposals					**-**
As of 30 June 2012	**(21.870)**	**(6.061.855)**	**(1.761.676)**	**-**	**(7.845.401)**
Net Book Value					
Net Book Value as of 1 January 2012	**88.669**	**12.489.556**	**134.191**	**1.293.845**	**14.006.261**
Net Book Value as of 30 June 2012	**88.015**	**10.803.064**	**104.544**	**4.432.234**	**15.427.857**

NOTE 12 - GOODWILL

30 June 2013

	Net Book Value
As of 1 January 2013	**2.340.995**
Additions	-
Provision for impairment	-
As of 30 June 2013	**2.340.995**

30 June 2012

	Net Book Value
As of 1 January 2012	**2.340.995**
Additions	-
Provision for impairment	-
As of 30 June 2012	**2.340.995**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 12 - GOODWILL (Continued)

Goodwill test for impairment

The whole amount of goodwill has resulted from the fact that Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş. ("Ant") became a subsidiary of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. on 1 August 1996. Pursuant to the establishment of the relevant subsidiary, all assets and liabilities of Ant were included in the consolidation of the financial statements by Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. The Group management believes that Ant's market position in the spare parts industry and the synergy to be created as a result of two companies coming together are the main reasons behind the resulting goodwill. Therefore, Ant has been considered as a single cash generating unit and the goodwill has been distributed throughout the Group.

The recoverable value of the relevant cash generating unit has been determined based on the usage calculations. In these calculations, five-year cash flow estimations have been taken as basic since they have been approved by the management and they also reflect the management's expectations and predictions about the future development of the company better.

Five-year discount rate used in future cash flow estimations has been determined as 15.2% in the calculation model of the fair value.

The management takes previous period performance and market development expectations as basic while determining its budget. The weighted-average growth rates used are consistent with the estimations included in the industry reports. The discount rates used are before tax and they also reflect the relevant segment risk.

No impairment has been determined as a result of the analyses carried out by the Group as of 30 June 2013.

NOTE 13 - GOVERNMENT GRANTS

In the first six-month period of 2013, there is no collected cash support amount related to R&D activities provided by TUBITAK. In 2012, cash support amounting to TRY1.247.844 related to R&D activities provided by TUBITAK was collected.

Due to the Group's expenses for R&D study during the first six months of 2013, there was R&D deduction corresponding to TRY4.360.979. As of 30 June 2013, the balance of R&D deduction amount equals TRY29.358.961 including the amounts which were carried forward from previous year and are subject to revaluation. As per amendment made in Article 35 of the Law on Supporting Research and Development No. 5746 which became effective on 1 April 2008, R&D deduction rate from which will be benefited for the expenses of R&D has been increased from 40% to 100% (As of 31 December 2012, carried forward R&D deduction amount is TRY24.415.499).

In order to benefit from the incentives and exemptions provided in line with the Law No. 5746, the Group has made R&D centre application and following the inspection of Ministry of Industry and Commerce, the Group has been provided with the certificate of R&D centre which is effective since 3 June 2009.

NOTE 14 - PROVISIONS, CONTINGENT ASSTES AND LIABILITIES

Provisions for expenses and liabilities (Short-term)	**30 June 2013**	**31 December 2012**
Warranty provisions	5.918.244	4.860.139
Provision for lawsuits	204.009	196.783
Provision for employee benefits	959.097	690.962
Total	**7.081.350**	**5.747.884**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 14 - PROVISIONS, CONTINGENT ASSTES AND LIABILITIES (Continued)

Movements of provisions during the period are as follows:

	Warranty provisions	Provision for lawsuits	Provision for employee benefits	Total
As of 1 January 2013	4.860.139	196.783	690.962	**5.747.884**
Additions during the period	5.240.060	162.670	959.097	**6.361.827**
Less: Paid during the period	(4.181.955)	(24.999)	(690.962)	**(4.897.916)**
Reversal of provision (-)	-	(130.445)	-	**(130.445)**
As of 30 June 2013	**5.918.244**	**204.009**	**959.097**	**7.081.350**

Lawsuits against the Group;

Amount of provisions allocated for the lawsuits which were filed against the Group as of 30 June 2013 and have not ended as of the balance sheet date equals TRY204.009 (31 December 2012: TRY196.783).

Mortgages and Guarantees on Assets;

There are not any mortgages and guarantees on assets.

According to information provided by Kartal Deeds Registration Office on 27 January 2011, on the properties of the Group at the address of Esentepe Mah. Kartal-İstanbul, as per Article 7 of the Law No. 2942, there are administrative expropriation annotation, car park annotation and right of passage, title deeds in dispute annotation which were in favour of Türkiye Elektrik Dağıtım A.Ş. (TEDAŞ) and rental annotation which was provided to Directorate General of IETT (İstanbul Electric Tramway and Tunnel Establishments) for 15 years in 1968.

Total Insurance Coverage on Assets;

Total insurance coverage on assets is TRY374.020.698 as of 30 June 2013 (31 December 2012: TRY349.916.249).

Contingent liabilities as of 30 June 2013 and 31 December 2012 are as follows:

Type	30 June 2013	31 December 2012
Letters of Guarantee	19.201.208	27.736.634
Total	**19.201.208**	**27.736.634**

Collaterals, pledges and mortgages "CPM" given by the Company as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
A. CPM's given in the name of its own legal personality	**19.201.208**	**27.736.634**
i. Guarantee letter	19.201.208	27.736.634
ii. Mortgage	-	-
B. CPM's given on behalf of the fully consolidated companies	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPM's given	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-
ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
Total	**19.201.208**	**27.736.634**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 14 - PROVISIONS, CONTINGENT ASSTES AND LIABILITIES (Continued)

Percentage of CPM's given by the Company to the Company's equities is 0,00% as of 30 June 2013 (0,00% as of 31 December 2012).

The Group is exposed to foreign currency risk since its foreign currency denominated assets and liabilities are formed of different currencies. In order to hedge its foreign currency position due to the fluctuations in the foreign exchange parities, the Group enters into forward contracts.

NOTE 15 - PROVISION FOR EMPLOYEE BENEFITS

	30 June 2013	31 December 2012
Provision for employment termination benefit	**12.109.428**	**11.000.574**

Within the framework of current laws in Turkey, it is obligatory to make the severance pay of each employee who has completed one year service period, has been paid off regardless of any related reason, has been called-up for military service along with men who have completed 25-year service period, women who have completed 20-year service period or those who have completed age of retirement (58 for women, 60 for men).

Because there is not any funding obligation for the severance pay provision in Turkey, any special fund is not allocated in the financial statements.

The severance payments are calculated over 30-days gross salary for each service year. Primary assumption is that ceiling liability set for each service year increases in proportion to inflation. In parallel with this, real discount rate which is cleared of the potential inflation impacts is considered at the implementation stage. The severance pay cap is revised in every six months, the ceiling amount of TRY3.254,44 (31 December 2012: TRY3.129,25) applicable as of 30 June 2013 has been regarded for the calculation of the Group's provision of severance pay.

Moreover, the severance payments are not made for those who leave the job with his/her wish; estimated rate related to these severance pay amounts that will remain in the Group's account is considered.

Considering the Liability of Severance Pay are related to the next periods as per IAS 19, current values of the severance payments which will be made as of the balance sheet date are calculated to determine an approximate inflation expectation whose net difference refers a real discount rate and find an appropriate discount rate.

	30 June 2013	31 December 2012
Net Discount Rate %	2,48	2,48
Turnover rate to estimate the probability of retirement (%)	2,13	2,60

The provision calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees is recognised to the consolidated financial statements.

Movements of the provision for employee termination benefit during the period are as follows:

	30 June 2013	31 December 2012
As of 1 January 2013	**11.000.574**	**7.603.404**
Interest cost	136.653	354.488
Remeasurements	243.290	88.104
Less: Paid during the period	(520.826)	(384.599)
Current period service cost	1.249.737	3.339.177
As of 30 June 2013	**12.109.428**	**11.000.574**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 16 - OTHER ASSETS AND LIABILITIES

Prepaid Expenses	**30 June 2013**	**31 December 2012**
Prepaid insurance expenses	565.532	59.284
Prepaid subscription expenses	7.179	1.034
Prepaid advertisement expenses	-	14.153
Prepaid other expenses	155.258	78.812
Total	**727.969**	**153.283**

Other current assets	**30 June 2013**	**31 December 2012**
Deferred VAT	3.121.636	3.144.294
Prepaid taxes and funds	93.568	-
Work advances	24.142	67.008
Other current assets	359.846	134.133
Total	**3.599.192**	**3.345.435**

Prepaid expenses	**30 June 2013**	**31 December 2012**
Long-term prepaid expenses, other	2.744	2.796
Total	**2.744**	**2.796**

Deferred income (short term)

	30 June 2013	**31 December 2012**
Short term deferred income(*)	599.201	632.183
Total	**599.201**	**632.183**

(*) The amount which will be transferred to the consolidated income statement related to the future months from the cash support received for R&D activities of the Company as of 30 June 2013 is TRY590.336. In addition to this, the rental income amount collected for the future months in the scope of leasing contracts related to the properties in Kartal is TRY8.865. (31 December 2012: R&D cash support income TRY590.336, rental income related to future months TRY41.847).

Deferred income (long term)	**30 June 2013**	**31 December 2012**
Long term deferred income(*)	1.005.469	1.300.637
Total	**1.005.469**	**1.300.637**

(*) The amount which will be transferred to the consolidated income statement related to the upcoming years from the cash support received for R&D activities of the Company as of 30 June 2013 is TRY1.005.469 (31 December 2012: TRY1.300.637).

NOTE 17 - ASSETS HELD FOR SALE

Non-current assets held for sale

	30 June 2013	**31 December 2012**
Land	1.018.916	1.018.916
Land improvements	77.472	77.472
Buildings	3.142.400	3.142.400
Total	**4.238.788**	**4.238.788**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 17 - ASSETS HELD FOR SALE (Continued)

Because the tangible assets in İstanbul Kartal included under the assets of our Company are subject to sales, all assets related to these have been excluded from the "Non-Current Assets" account with a net book value of TRY4.238.788 and they have been reclassified under the account of "Non-current Assets Held for Sale". Within the scope of Turkish Accounting Standards No. 5, Non-current Assets Held for Sale are included in the financial statement at the cost value. Moreover, there are not direct payables related to the group of assets to be disposed of. In the decision made by the Board of Directors on 19 February 2013, it was stated that "the valuation studies performed by authorised three independent valuation companies have been completed, the value determined for the assets vary between TRY109 million and TRY133 million excluding VAT and is decided to be sold in advance through tender." As a result of the tender performed on 4 July 2013, it was decided to sell the assets held for sale at a price of TRY191 million, the sale transaction will be carried out following the approval of Extraordinary General Assembly on 13 August 2013.

The rental income of non-current assets held for sale for the first six months in 2013 is TRY925.875. (The rental income for 2012 is TRY1.810.230 depreciation expenses equal TRY172.681.)

NOTE 18 - EQUITY

Non-controlling Interest

	30 June 2013	31 December 2012
Non-controlling shares	17.287	18.798
Total	**17.287**	**18.798**

	1 January 2013 30 June 2013	1 April 2013 30 June 2013	1 January 2012 30 June 2012	1 April 2012 30 June 2012
Non-controlling shares profit / loss	(1.511)	(2.124)	(1.732)	(2.240)
Total	**(1.511)**	**(2.124)**	**(1.732)**	**(2.240)**

Capital / Elimination Adjustments

Paid-in capital shown on the consolidated balance sheet is the paid-in capital of the Group. Paid-in capital of Subsidiaries in consolidated balance sheet and subsidiary accounts are mutually eliminated.

As of 30 June 2013, the share capital of the Company is TRY25.419.707. This share capital is divided into 2.541.970.654 shares in total, including 1.366.404.402 A Group registered shares, 755.995.500 B Group registered shares, 419.570.752 C Group bearer's shares, each with nominal value of 1 (one) Kr. The distribution of this share capital on the basis of share group is as follows:

30 June 2013

NAME	GROUP A	GROUP B	GROUP C	SHARE AMOUNT	SHARE %
YAZICILAR HOLDİNG A.Ş.	9.073.187	-	4.478	9.077.665	**35,71**
ÖZİLHAN SINAİ YATIRIM A.Ş.	4.269.734	-	2.108	4.271.842	**16,81**
ANADOLU ENDÜSTRİ HOLDİNG A.Ş.	223.748	-	38.835	262.583	**1,03**
ISUZU MOTORS LTD.	-	4.319.991	-	4.319.991	**16,99**
ITOCHU CORPORATION	-	3.239.964	-	3.239.964	**12,75**
BEARER TO SHARES PUBLICLY OWNED	-	-	3.811.860	3.811.860	**15,00**
BEARER SHARES	97.375	-	338.427	435.802	**1,71**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

TOTAL	**13.664.044**	**7.559.955**	**4.195.708**	**25.419.707**	**100,00**

NOTE 18 - EQUITY (Continued)

31 December 2012

NAME	GROUP A	GROUP B	GROUP C	SHARE AMOUNT	SHARE %
YAZICILAR HOLDİNG A.Ş.	9.073.187	-	4.478	9.077.665	**35,71**
ÖZİLHAN SINAİ YATIRIM A.Ş.	4.269.734	-	2.108	4.271.842	**16,81**
ANADOLU ENDÜSTRİ HOLDİNG A.Ş.	223.748	-	38.835	262.583	**1,03**
ISUZU MOTORS LTD.	-	4.319.991	-	4.319.991	**16,99**
ITOCHU CORPORATION	-	3.239.964	-	3.239.964	**12,75**
BEARER TO SHARES PUBLICLY OWNED	-	-	3.811.860	3.811.860	**15,00**
BEARER SHARES	97.375	-	338.427	435.802	**1,71**
TOTAL	**13.664.044**	**7.559.955**	**4.195.708**	**25.419.707**	**100,00**

The amount TRY25.419.707, corresponding to the share capital of the company, is fully paid up as free from any misleading transactions. The Company is not included in registered capital system.

Privileges Granted to the Share Groups

The Company is directed by the fourteen members of the Board of Directors elected among shareholders by General Assembly in accordance with the regulations of Turkish Commercial Code. On 14 May 2012, members of the Board of Directors has been increased to fourteen from eleven.

Four members of the Board of Directors are elected from the candidates nominated by the shareholders of Group B and the remaining members of the Board of Directors are elected from the candidates nominated by the shareholders of Group A by the General Assembly.

30 June 2013

Paid-in share capital	25.419.707
Adjustment to share capital	86.901.880
Restricted reserves	14.744.014
Retained earnings	39.048.753
Gain/(loss) on revalution and remeasurement	(194.632)
Net profit for the year	7.558.838
Shareholders' equity attributable to equity holders of the Group	**173.478.560**
Non-controlling shares	**17.287**
Total shareholders' equity	**173.495.847**

31 December 2012

Paid-in share capital	25.419.707
Adjustment to share capital	86.901.880
Restricted reserves	14.693.894
Retained earnings	37.762.889
Gain/(loss) on revalution and remeasurement	(70.483)
Net profit for the year	1.338.984
Shareholders' equity attributable to equity holders of the Group	**166.046.871**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Non-controlling shares	**18.798**
Total shareholders' equity	**166.065.669**

NOTE 18 - EQUITY (Continued)

Restricted reserves

Restricted reserves are comprised of legal reserves and other reserves.

	30 June 2013	31 December 2012
Legal reserves	13.294.623	13.244.503
Profit reserves from sale of affiliates	1.449.390	1.449.390
Profit on cancelled shares certificates	1	1
Total	**14.744.014**	**14.693.894**

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital, Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. As of 30 June 2013, the Group's total restricted reserves are TRY14.744.014 (31 December 2012: TRY14.693.894).

Retained earnings

Retained earnings is comprised of extraordinary reserves, miscellaneous inflation differences and other prior years' income.

The Company's prior years' income details as of period ends are as follows:

	30 June 2013	31 December 2012
Extraordinary reserves	9.380.808	9.380.808
Inflation difference of extraordinary reserves	3.300.229	3.300.229
Inflation difference of legal reserves	25.081.046	25.081.046
Inflation difference of cancelled shares certificates	806	806
Retained earnings	1.285.864	-
Total	**39.048.753**	**37.762.889**

Quoted companies make profit distributions as follows:

Based on the CMB Decree 7/242, dated 25 February 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the total amount of the statutory net distributable profit should be distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period. In accordance with the CMB's decision dated 27 January 2010; it is decided not to bring any obligation for any minimum profit distribution about dividend distribution which will be made for publicly owned companies.

Inflation adjustment difference in Equity can be utilised in issuing bonus shares and in offsetting accumulated losses; the carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses. However, equity inflation adjustment differences will be liable to corporate tax if it is used in cash profit distribution.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 18 - EQUITY (Continued)

Group's retained earnings is TRY39.048.753 based on the consolidated financial statements prepared in according with CMB Financial Reporting Standard for the interim period ended 30 June 2013.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amount. The valuation differences shall be classified as follows:

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";

- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

NOTE 19 - SALES AND COST OF SALES

Sales	**1 January 2013 30 June 2013**	**1 April 2013 30 June 2013**	**1 January 2012 30 June 2012**	**1 April 2012 30 June 2012**
Domestic sales	248.681.458	153.940.339	206.932.116	112.371.571
Foreign sales	42.801.357	17.190.896	37.917.056	25.400.834
Other sales	2.241.625	1.038.017	1.844.163	1.117.428
Less: Discounts	(23.400.044)	(14.048.185)	(17.334.505)	(8.411.702)
Income from sales (Net)	**270.324.396**	**158.121.067**	**229.358.830**	**130.478.131**
Cost of sales	**(224.016.832)**	**(131.817.239)**	**(200.439.186)**	**(114.739.312)**
Gross operating profit/loss	**46.307.564**	**26.303.828**	**28.919.644**	**15.738.819**

Cost of sales are summarised as follows;

Cost of Sales	**1 January 2013 30 June 2013**	**1 April 2013 30 June 2013**	**1 January 2012 30 June 2012**	**1 April 2012 30 June 2012**
Direct raw material costs	157.241.312	75.711.931	162.272.052	80.645.434
Direct labor costs	9.661.798	5.060.544	8.663.154	4.610.818
Depreciation and amortisation expenses	4.917.064	2.476.475	4.432.155	2.205.478
Manufacturing overhead costs	3.636.599	1.644.966	4.354.779	2.063.312
Total cost of production	**175.456.773**	**84.893.916**	**179.722.140**	**89.525.042**
Change in semi-finished and finish goods inventory	(11.981.635)	11.173.213	(22.088.176)	4.230.178
Cost of trade goods sold	60.099.256	35.541.542	42.425.927	20.784.159
Other cost of sales	442.438	208.568	379.295	199.933
Total cost of sales	**224.016.832**	**131.817.239**	**200.439.186**	**114.739.312**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 20 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTIONS EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

a) Research and development expenses	**1 January 2013 30 June 2013**	**1 April 2013 30 June 2013**	**1 April 2012 30 June 2012**	**1 April 2012 30 June 2012**
Personnel expenses	(269.691)	(141.248)	(195.490)	(106.693)
Project costs	(173.017)	(117.849)	(44.091)	(18.135)
Depreciation and amortisation expenses	(38.176)	(25.721)	(35.759)	(13.419)
Other	(383.052)	(241.942)	(405.942)	(213.651)
Total Research and Development Expenses	**(863.936)**	**(526.760)**	**(681.282)**	**(351.898)**
b) Marketing, selling and distribution expenses				
Domestic sales expenses	(2.857.227)	(1.612.957)	(2.299.759)	(1.357.455)
Export expenses	(3.617.059)	(1.601.466)	(2.549.811)	(1.808.925)
Personnel expenses	(3.352.369)	(1.671.612)	(2.840.138)	(1.377.649)
Advertising expenses	(1.890.271)	(1.203.916)	(1.504.274)	(800.345)
Warranty expenses	(5.240.060)	(2.794.225)	(3.430.614)	(2.090.647)
Depreciation and amortisation expenses	(426.481)	(239.564)	(364.966)	(179.070)
Other	(6.344.975)	(3.980.024)	(5.525.720)	(3.259.310)
Total Marketing, Selling and Distribution Expenses	**(23.728.442)**	**(13.103.764)**	**(18.515.282)**	**(10.873.401)**
c) General and administrative expenses				
Personnel expenses	(5.795.951)	(3.060.655)	(5.332.315)	(2.940.470)
Service and work expenses	(3.952.804)	(1.987.112)	(3.241.714)	(1.669.575)
Depreciation and amortisation expenses	(358.291)	(179.930)	(196.813)	(98.592)
Insurance expenses	(546.221)	(273.605)	(535.313)	(272.983)
Other	(2.229.016)	(1.642.410)	(1.701.949)	(960.342)
Total General and Administrative Expenses	**(12.882.283)**	**(7.143.712)**	**(11.008.104)**	**(5.941.962)**

NOTE 21 - EXPENSES BY NATURE

	1 January 2013 30 June 2013	**1 April 2013 30 June 2013**	**1 January 2012 30 June 2012**	**1 April 2012 30 June 2012**
Direct material costs	157.241.312	75.711.931	162.272.052	80.645.434
Cost of trade goods sold	60.099.256	35.541.542	42.425.927	20.784.159
Cost of other goods sold	442.438	208.568	379.295	199.933
Change in goods inventory	(11.981.635)	11.173.213	(22.088.175)	4.230.179
Other operational expenses	27.233.432	15.455.506	21.239.186	12.451.364
Personnel expenses	19.079.809	9.934.059	17.031.097	9.035.630
Depreciation and amortisation expenses	5.740.012	2.921.690	5.029.693	2.496.560
Other production expenses	3.636.869	1.644.966	4.354.779	2.063.312
Total expenses	**261.491.493**	**152.591.475**	**230.643.854**	**131.906.571**

Expenses by nature include cost of goods sold, marketing, selling and distribution expenses, general administration expenses and research and development expenses.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 22 - OTHER OPERATING INCOME/EXPENSES

Other operating income:	1 January 2013 30 June 2013	1 April 2013 30 June 2013	1 January 2012 30 June 2012	1 April 2012 30 June 2012
Foreign Exchange Income on Trade Receivable and Payables	1.289.871	(485.871)	2.570.429	(524.687)
Rediscount Income on Trade Payables	1.035.003	(6.991)	2.186.693	80.778
Rent income	931.125	471.195	924.878	456.385
Service income	400.307	200.352	353.634	162.219
Tubitak R&D incentive	295.168	147.584	450.714	250.422
Provisions no longer required	-	(464)	120.497	-
Other	184.816	75.218	397.422	(102.054)
Total	**4.136.290**	**401.023**	**7.004.267**	**323.063**

Other operating expenses:				
Foreign Exchange Expenses on Trade Receivable and Payables	(286.107)	(157.509)	(290.619)	(140.042)
Rediscount Expenses on Trade Receivables	(1.199.080)	(358.835)	(2.064.991)	(213.360)
Other	(51.565)	(12.746)	(56.994)	(33.386)
Total	**(1.536.752)**	**(529.090)**	**(2.412.604)**	**(386.788)**

NOTE 23 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	1 January 2013 30 June 2013	1 April 2013 30 June 2013	1 January 2012 30 June 2012	1 April 2012 30 June 2012
Gain on sale of Land and Buildings	2.227.362	2.227.362	-	-
Gain on sale of Machinery and Equipment	183.347	105.759	107.298	63.486
Total	**2.410.709**	**2.333.121**	**107.298**	**63.486**

Expenses from investing activities	1 January 2013 30 June 2013	1 April 2013 30 June 2013	1 January 2012 30 June 2012	1 April 2012 30 June 2012
Loss on sale of Machinery and Equipment	-	-	(83.062)	-
Total	**-**	**-**	**(83.062)**	**-**

NOTE 24 - FINANCIAL INCOME

Financial income:	1 January 2013 30 June 2013	1 April 2013 30 June 2013	1 January 2012 30 June 2012	1 April 2012 30 June 2012
Interest income	634.840	361.827	370.247	77.304
Credit finance income	682.201	263.141	264.342	182.064
Foreign exchange gains	1.411.162	1.023.880	1.144.446	1.015.165
Total	**2.728.203**	**1.648.848**	**1.779.035**	**1.274.533**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 25 - FINANCIAL EXPENSES

Financial expenses:	**1 January 2013 30 June 2013**	**1 April 2013 30 June 2013**	**1 January 2012 30 June 2012**	**1 April 2012 30 June 2012**
Interest expenses	(6.114.115)	(2.969.227)	(5.749.832)	(2.977.030)
Foreign exchange losses	(1.606.278)	(416.211)	(2.722.664)	(684.635)
Credit finance expenses	(342.209)	(139.331)	-	-
Other financial expenses	(358.859)	(184.886)	(400.193)	(200.909)
Total	**(8.421.461)**	**(3.709.655)**	**(8.872.689)**	**(3.862.574)**

NOTE 26 - TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

The Group's tax (expense) / income is comprised of current period corporate tax expense and deferred tax income/(expense).

Account name	**1 January 2013 30 June 2013**	**1 April 2013 30 June 2013**	**1 January 2012 30 June 2012**	**1 April 2012 30 June 2012**
Corporate tax provision	(66.668)	(31.606)	(70.066)	(34.098)
Deferred tax (expense) / income	(525.897)	(660.002)	1.560.581	1.170.926
Total tax (expense) / income	**(592.565)**	**(691.608)**	**1.490.515**	**1.136.828**
Tax income / (exprense) – Comprehesive Income Statements	31.037	28.718	8.810	4.405
Total tax (expense) / income	**(561.528)**	**(662.890)**	**1.499.325**	**1.141.233**

	30 June 2013	**31 December 2012**
Current period corporate tax	66.668	152.009
Prepaid taxes	(36.278)	(105.971)
Taxes payable	**30.390**	**46.038**

i) Provision for Current Period Tax

The Group is subject to Corporate Tax in Turkey. Necessary provisions in supplementary financial statements have been made for estimated tax liabilities regarding Group's operations in the current period.

The corporate tax to be accrued over the taxable profit is calculated by adding non-deductible expenses to the accounting profit ; deducting investment and research and development allowances , income not subject to taxation and the dividends received, from companies located in Turkey, from the accounting profit.

Effective Corporate Tax Rates:

The corporate tax rate was determined as 20% by the Corporate Tax Law No.5520 after publishing at Official Gazette on 21 September 2006 including the earnings in the fiscal year 2006.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

According to Corporate Tax Law's 24th article, the corporate tax is imposed by the taxpayer's tax returns. There is not an exact mutual agreement procedure with Tax Authorities in Turkey. Annual corporate tax returns are submitted to the relating tax offices until the 25th of April in the following year. Tax authorities have the right to audit tax declarations and accounting records for 5 years, and may issue re-assessment based on their findings/

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 26 - TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Income Withholding Tax:

In addition to corporate tax, companies should also calculate income withholding tax on any dividends and income distributed, except for resident companies in Turkey receiving dividends from resident companies in Turkey and Turkish branches of foreign companies. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006.

ii) Deferred Tax:

The deferred tax asset and tax liability are based on the temporary differences, which arise between the financial statements prepared according to CMB's accounting standards and statutory tax financial statements. These differences are usually due to the recognition of revenue and expenses in different reporting periods for the CMB standards and tax purposes.

Temporary differences are result of recognizing certain income and expense items differently for accounting and tax purposes. Temporary differences are calculated off of the tangible fixed assets (except land and buildings), intangible fixed assets, stocks, the revaluation of prepaid expenses, discount of receivables, provision for termination indemnities, and previous years' loss. Every accounting year, the Group reviews the deferred tax asset and in circumstances, where the deferred tax assets cannot be used against the future taxable income, the Group writes-off the recorded deferred tax asset. Corporate tax rate is used in the calculation of deferred taxes.

	30 June 2013		**31 December 2012**	
	Cumulative Temporary Differences	**Deferred Tax Assets/(Liabilities)**	**Cumulative Temporary Differences**	**Deferred Tax (Assets/(Liabilities**
Inventories	572.828	114.566	1.137.176	227.435
Non-current assets	(25.768.111)	(5.153.622)	(27.059.273)	(5.411.855)
Provision for employee termination benefits	12.109.428	2.421.886	11.000.574	2.200.115
Carry forward tax losses(*)	14.009.108	2.801.822	23.269.605	4.653.921
R&D deductions	29.358.961	5.871.792	24.415.499	4.883.100
Other (Net)	5.925.036	1.185.006	5.917.967	1.183.594
Total Deferred Tax Assets, net		**7.241.450**		**7.736.310**

(*) As of 30 June 2013, Group expects to utilise TRY14.009.108 of its carry forward tax losses in 2013.

Movements of deferred income tax:	**1 January 2013 30 June 2013**	**1 January 2012 31 December 2012**
Opening	7.736.310	5.872.846
Deferred tax income on income statements	(525.897)	1.845.843
Deferred tax income on comprehensive income statements	31.037	17.621
Deferred Tax	**7.241.450**	**7.736.310**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 26 - TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Reconciliations of tax provision with the current period loss are as follows:

Reconciliation of tax provision:	30 June 2013	30 June 2012
Income/ (Loss) from continuing operations	**8.149.892**	**(3.762.779)**
Corporate tax rate 20%	(1.629.978)	752.556
Taxation effect:		
- R&D deductions	988.692	655.891
- Income on R&D subsidies	59.034	90.143
- Non-deductible expenses for tax purposes	(10.313)	(8.075)
(Loss) / income tax provision on statements of income	**(592.565)**	**1.490.515**

NOTE 27 - INCOME/(LOSS) PER SHARE

	1 January 2013 30 June 2013	1 April 2013 30 June 2013	1 January 2012 30 June 2012	1 April 2012 30 June 2012
Net income/ (loss) for the period (TRY)	7.558.838	4.984.355	(2.270.532)	(2.877.654)
Weighted average number of shares with nominal value of Kr 1 each	2.541.970.654	2.541.970.654	2.541.970.654	2.541.970.654
Income / (loss) per 100 share with nominal value of TRY 1 each	**0,2974**	**0,1961**	**(0,0893)**	**(0,1132)**

NOTE 28 - RELATED PARTY DISCLOSURES

a) Related party balances:

30 June 2013

	Receivables		Payables	
1) Related Parties	**Trade**	**Other**	**Trade**	**Other**
Payables to shareholders(*)	-	-	-	9.109
Anadolu Endüstri Holding A.Ş.	-	-	217.773	-
Efes Pazarlama Dağıtım ve Tic. A.Ş.	203.864	-	-	-
Itochu Corporation Tokyo	-	-	42.116.734	-
Isuzu Motors Ltd. Tokyo	6.419	-	1.554.326	-
Çelik Motor Ticaret A.Ş.	36.669	-	-	-
Alternatifbank A.Ş.	12.348	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş.	46.153	-	-	-
Efestur Turizm İşletmeleri A.Ş.	-	-	63.236	-
Anadolu Bilişim Hizmetleri A.Ş.	-	-	1.066.727	-
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	10.085	-	-	-
Alternatif Yatırım A.Ş.	1.056	-	-	-
Adel Kalemcilik Tic. ve San. A.Ş.	55.367	-	-	-
AEH Sigorta Acenteliği A.Ş.	-	-	102.300	-
Alternatif Finansal Kiralama A.Ş.	12.864	-	-	-
Total	**384.825**	**-**	**45.121.096**	**9.109**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

(*) Payables to shareholders balance is classified under other payables in the consolidated balance sheet.

Group's receivables from related parties are mainly due to trade goods, service sales and rent income. Group's payables to related parties are mainly due to raw material, service purchases and rent expenses.

31 December 2012

	Receivables		Payables	
1) Related Parties	**Trade**	**Other**	**Trade**	**Other**
Payables to shareholders(*)	-	-	-	13.066
Anadolu Endüstri Holding A.Ş.	-	-	191.915	-
Itochu Corporation Tokyo	-	-	40.389.321	-
Isuzu Motors International Operation Thailand	187.708	-	6.466.898	-
Isuzu Motors Ltd. Tokyo	191.068	-	2.324.024	-
Anadolu Motor Üretim ve Paz. A.Ş.	154	-	-	-
Efestur Turizm İşletmeleri A.Ş.	-	-	1.116	-
Anadolu Bilişim Hizmetleri A.Ş.	-	-	116.329	-
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	-	-	424	-
Alternatif Yatırım A.Ş.	1.012	-	-	-
Adel Kalemcilik Tic. ve San. A.Ş.	31.862	-	-	-
AEH Sigorta Acenteliği A.Ş.	3	-	-	-
Anadolu Araçlar Ticaret A.Ş.	-	-	48.132	-
Total	**411.807**	**-**	**49.538.159**	**13.066**

(*) Payables to shareholders balance is classified under other payables in the consolidated balance sheet.

b) Related party transactions:

30 June 2013

Sales to related parties	**Goods and Service sales**	**Sales of Fixed assets**	**Rent income**	**Total revenues / Sales**
Efes Pazarlama Dağıtım ve Tic. A.Ş.	520	-	549.883	**550.403**
Isuzu Motors International Operation Thailand	403.385	-	-	**403.385**
Isuzu Motors Ltd. Tokyo	1.848.841	-	-	**1.848.841**
Çelik Motor Ticaret A.Ş.	273.925	-	-	**273.925**
Alternatif Yatırım A.Ş.	-	-	5.370	**5.370**
Adel Kalemcilik Tic. ve San. A.Ş.	495	-	242.426	**242.921**
Anadolu Motor Üretim ve Paz. A.Ş.	135.794	12.000	5250	**153.044**
Alternatif Finansal Kiralama A.Ş.	124	-	65.412	**65.536**
Alternatifbank A.Ş.	119	-	62.784	**62.903**
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	10.993	-	-	**10.993**
Anadolu Sağlık Merkezi İktisadi İşletmesi	124	-	-	**124**
Total	**2.674.320**	**12.000**	**931.125**	**3.617.445**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

30 June 2012

Sales to related parties	Goods and Service sales	Sales of Fixed assets	Rent income	Total revenues / Sales
Efes Pazarlama Dağıtım ve Tic. A.Ş.	-	-	599.934	**599.934**
Isuzu Motors International Operation Thailand	652.699	-	-	**652.699**
Isuzu Motors Ltd. Tokyo	465.315	-	-	**465.315**
Itochu Corporation Tokyo	2.474	-	-	**2.474**
Çelik Motor Ticaret A.Ş.	233.936	-	6.000	**239.936**
Alternatif Yatırım A.Ş.	-	-	5.148	**5.148**
Adel Kalemcilik Tic. ve San. A.Ş.	196	-	173.520	**173.716**
Anadolu Motor Üretim ve Paz. A.Ş.	104.095	-	-	**104.095**
Alternatif Finansal Kiralama A.Ş.	103	-	62.712	**62.815**
Alternatifbank A.Ş.	-	-	60.192	**60.192**
Antek Teknoloji Ürünleri Paz. ve Tic. A.Ş.	237	-	-	**237**
Anadolu Araçlar Ticaret A.Ş	1.342	-	-	**1.342**
Anadolu Sağlık Merkezi İktisadi İşletmesi	124	-	15.000	**15.124**
Total	**1.460.521**	**-**	**922.506**	**2.383.027**

30 June 2013

Purchases from related parties	Goods and Service purchases	Fixed asset purchases	Rent Expense	Total expense/ Purchases
Anadolu Motor Üretim ve Paz. A.Ş.	100.574	-	-	**100.574**
Çelik Motor Ticaret A.Ş.	724	-	198.454	**199.178**
Anadolu Endüstri Holding A.Ş.	1.481.808	-	-	**1.481.808**
Itochu Corporation Tokyo	58.345.102	-	-	**58.345.102**
Isuzu Motors International Operation Thailand	33.988.047	-	-	**33.988.047**
Isuzu Motors Ltd. Tokyo	3.208.297	-	-	**3.208.297**
Isuzu Motors Ltd. Europe	73.898	-	-	**73.898**
Efestur Turizm İşletmeleri A.Ş.	1.058.397	-	-	**1.058.397**
Anadolu Bilişim Hizmetleri A.Ş.	1.248.100	1.166.017	-	**2.414.117**
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	4.847	-	-	**4.847**
Anadolu Araçlar Ticaret A.Ş.	2.173	-	-	**2.173**
Oyex Handels Gmbh	59.126	-	-	**59.126**
Total	**99.571.093**	**1.166.017**	**198.454**	**100.935.564**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

30 June 2012

Purchases from related parties	Goods and Service purchases	Fixed asset purchases	Rent Expense	Total expense/ Purchases
Anadolu Motor Üretim ve Paz. A.Ş.	987.805	-	-	**987.805**
Çelik Motor Ticaret A.Ş.	1.702	-	142.531	**144.233**
Anadolu Endüstri Holding A.Ş.	1.336.212	-	-	**1.336.212**
Itochu Corporation Tokyo	75.180.609	-	-	**75.180.609**
Isuzu Motors International Operation Thailand	10.519.041	-	-	**10.519.041**
Isuzu Motors Ltd. Tokyo	2.655.945	-	-	**2.655.945**
Isuzu Motors Ltd. Europe	6.893	-	-	**6.893**
Efestur Turizm İşletmeleri A.Ş.	944.910	-	-	**944.910**
Anadolu Bilişim Hizmetleri A.Ş.	1.067.126	252.861	-	**1.319.987**
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	4.096	-	-	**4.096**
Anadolu Sağlık Merkezi İktisadi İşletmesi	15.000	-	-	**15.000**
Anadolu Araçlar Ticaret A.Ş.	55.724	-	-	**55.724**
Total	**92.775.063**	**252.861**	**142.531**	**93.170.455**

c) Donations to Anadolu Eğitim ve Sosyal Yardım Vakfı:

As per the Article No:19 in the Main Articles of Association of the Group, at least 2% - 5% of the Group's profit before tax following the distribution of 1st dividend shall be donated to Anadolu Eğitim ve Sosyal Yardım Vakfı as long as it is subject to tax exemption. No donation was made to Anadolu Eğitim ve Sosyal Yardım Vakfı in the current year. (31 December 2012: No donation was made).

d) Key management compensation:

	30 June 2013	30 June 2012
Salaries and other short-term benefits	862.072	702.239
Total	**862.072**	**702.239**

Key management compensation includes salaries, premiums and social security contributions.

NOTE 29 - FINANCIAL RISK MANAGEMENT

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing its profit and market value through the optimization of the debt and equity balance.

The Group's equity comprised of cash and cash equivalents (Note 4) and respectively share capital, capital reserves, profit reserves and retained earnings items (Note 16).

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Risks, associated with each capital class, and the capital cost are evaluated by the top management. It is aimed that the capital structure will be set in balance by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the top management evaluations.

The Group monitors capital by using debt to total capital ratio. This ratio is calculated by dividing the net debt by total capital. The net debt is calculated by excluding the cash and cash equivalent amounts from the total debt amount (including credits, leasing and commercial debts as indicated in the balance sheet). Total capital is calculated by adding net debt to shareholders' equity as indicated in the balance sheet.

	30 June 2013	31 December 2012
Financial Liabilities	185.749.120	215.714.365
Total Shareholders' Equity	173.495.847	166.065.669
Debt/Total equity	**1,07**	**1,30**

General strategy of the Group based on shareholders' equity is not different from previous periods.

The Group conducts hedging contracts (including derivative financial instruments) for the purpose of diversifying foreign currency fluctuation risks.

(b) Price risk

Equity instruments which are classified on Group's balance sheet as available-for-sale are subjected to price risk. In order to manage the price risk due to capital instruments, The Group has a limited number of financial assets which are available-for-sale.

(c) Market risk

The Group is subject to the financial risks related to the changes in the exchange rate (Please see (d) below) and interest rate (Please see (e) below) due to its operations and other (Please see (f) below). Also due to having financial instruments, the Group also bears the risk of other parties not meeting the requirements of agreements (Please see (g) below).

Market risks seen at the level of the Group are measured in accordance with sensitivity analyses.

The market risk of the Group incurred during the current year or the method of handling the encountered risks or the method of measuring those risks are not different from the previous year.

(d) Foreign exchange risk

Foreign currency transactions may result in foreign currency fluctuation risk.

The Group maintains foreign currency time deposit accounts in banks as the Group has receivables and payables in foreign currencies. As a consequence, the Group is exposed to foreign currency exchange risk due to the changes in exchange rates used for converting assets and liabilities into TRY. Foreign exchange risk arises from future trade operations and the differences between assets and liabilities.

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity analysis of foreign exchange

30 June 2013

	Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
If US$ appreciated/(depreciated) against TRY by 10%;		
1- USD currency net asset/liability	6.698	(6.698)
2- Hedged items (-)		
3- Net effect of USD (1+2)	**6.698**	**(6.698)**
If EUR appreciated/(depreciated) against TRY by 10%;		
4- EUR currency net asset/liability	1.160.035	(1.160.035)
5- Hedged items (-)		
6- Net effect of EUR(4+5)	**1.160.035**	**(1.160.035)**
If JPY appreciated/(depreciated) against TRY by 10%;		
7- JPY currency net asset/liability	(4.321.644)	4.321.644
8- Hedged items (-)		
9- Net effect of JPY (7+8)	**(4.321.644)**	**4.321.644**
TOTAL (3+6+9)	**(3.154.911)**	**3.154.911**

Sensitivity analysis of foreign exchange

31 December 2012

	Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
If US$ appreciated/(depreciated) against TRY by 10%;		
1- USD currency net asset/liability	(618.297)	618.297
2- Hedged items (-)		
3- Net effect of USD (1+2)	**(618.297)**	**618.297**
If EUR appreciated/(depreciated) against TRY by 10%;		
4- EUR currency net asset/liability	1.133.233	(1.133.233)
5- Hedged items (-)		
6- Net effect of EUR(4+5)	**1.133.233**	**(1.133.233)**
If JPY appreciated/(depreciated) against TRY by 10%;		
7- JPY currency net asset/liability	(3.570.632)	3.570.632
8- Hedged items (-)		
9- Net effect of JPY (7+8)	**(3.570.632)**	**3.570.632**
TOTAL (3+6+9)	**(3.055.696)**	**3.055.696**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency position table

	30 June 2013					31 December 2012				
	TRY Amount	**USD**	**EUR**	**JPY**	**Other**	**TRY Amount**	**USD**	**EUR**	**JPY**	**Other**
1. Trade receivables	10.838.023	-	4.309.028	330.870	-	12.419.097	105.300	5.119.837	9.250.000	-
2a. Monetary financial assets	2.601.516	69.899	892.016	11.349.138	1.550	9.335.034	53.126	1.287.328	300.780.535	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-	-	-
4. Total current assets (1+2+3)	**13.439.539**	**69.899**	**5.201.044**	**11.680.008**	**1.550**	**21.754.131**	**158.426**	**6.407.165**	**310.030.535**	**-**
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	1.644	854	-	-	-	1.522	854	-	-	
8. Total non-current assets (5+6+7)	**1.644**	**854**	**-**	**-**	**-**	**1.522**	**854**	**-**	**-**	**-**
9. Total assets(4+8)	**13.441.183**	**70.753**	**5.201.044**	**11.680.008**	**1.550**	**21.755.653**	**159.280**	**6.407.165**	**310.030.535**	**-**
10. Trade payables	44.763.472	30.000	500.519	2.239.565.628	-	51.579.275	3.627.790	1.276.550	2.038.648.059	-
11. Financial liabilities	-	-	-	-	-	-	-	-	-	-
12a. Other monetary liabilities	226.820	5.956	85.673	-	-	733.338	-	311.833	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	**44.990.292**	**35.956**	**586.192**	**2.239.565.628**	**-**	**52.312.613**	**3.627.790**	**1.588.383**	**2.038.648.059**	**-**
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
17. Total non-current liabilities (14+15+16)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
18. Total liabilities (13+17)	**44.990.292**	**35.956**	**586.192**	**2.239.565.628**	**-**	**52.312.613**	**3.627.790**	**1.588.383**	**2.038.648.059**	**-**
19. Off-balance sheet derivative instruments net position (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
19a. Total Amount of Hedged Assets	-	-	-	-	-	-	-	-	-	
19b. Total Amount of Hedged Liabilities	-	-	-	-	-	-	-	-	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	**(31.549.109)**	**34.797**	**4.614.852**	**(2.227.885.620)**	**1.550**	**(30.556.960)**	**(3.468.510)**	**4.818.782**	**(1.728.617.524)**	**-**
21. Monetary Items Net Foreign Exchange Asset / (liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**(31.550.753)**	**33.943**	**4.614.852**	**(2.227.885.620)**	**1.550**	**(30.558.482)**	**(3.469.364)**	**4.818.782**	**(1.728.617.524)**	**-**
22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge	**-**					**-**				
23. The Amount of Hedged part of Foreign Exchange Assets	**-**					**-**				
24. The Amount of Hedged part of Foreign Exchange Liabilities	**-**					**-**				
25. Export	**42.801.357**					**91.948.939**				
26. Import	**105.164.326**					**249.263.376**				

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

The Group is exposed to interest rate risk either through market value fluctuations of balance sheet items or the impact of rate change on interest-sensitive assets and liabilities. The financial liabilities and assets with fixed and variable interest rates are respectively shows at Note 4 and Note 6.

Interest rate position table

	30 June 2013	31 December 2012
Financial assets with fixed rates		
Financial assets		
Change in fair value through profit or loss	7.205.890	8.478.273
Financial liabilities	(73.995.042)	(105.644.244)
Financial liabilities with variable rates		
Financial assets		
Financial liabilities	(44.026.250)	(30.052.850)

As of 30 June 2013, if the market interest rate had increased/decreased by 1% with all other variables held constant, income before taxes for the period would have been higher/lower by TRY440.263 (31 December 2012: TRY300.529).

(f) Funding risk

The ability to fund the existing and prospective debt requirements is managed as necessary by obtaining adequate committed funding lines from high quality lenders.

(g) Credit risk management

The risk of a financial loss for the Group due to failing of one of the parties of the contract to meet its obligations is defined as credit risk. The Group's credit risk is basically related to its receivables. The balance shown in the balance sheet is formed by the net amount after deducting the doubtful receivables arisen from the Group management's forecasts based on its previous experience and current economical conditions (Note 7).

Most of trade receivables are comprised of receivables from costumers who has given an adequate amount of guarantees. An effective control system was established to collect the receivables. Credit risk arising from transactions is followed and these risks are taken into account when assessing each debtor. Because there are so many costumers, The Group's credit risk is dispersed and there is no important credit risk concentration. Receivables from foreign customers as of 30 June 2013 are TRY10.838.023 and there is no geographical concentration (31 December 2012: TRY12.419.097).

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

30 June 2013	**Receivables**						
	Trade Receivables		**Other Receivables**				
	Related	**Other**	**Related**	**Other**	**Note**	**Deposits in Banks**	**Note**
Maximum credit risk exposed as of the date of reporting (A+B+C+D+E)	**384.825**	**143.208.843**	-	**6.807.494**		**10.433.397**	
- The part of maximum risk secured by guarantee etc.	-	143.208.843	-	-	**7**	-	
A. Net book value of financial assets which are undue or which is not impaired	384.825	134.032.843	-	6.807.494	**7-8-25**	10.433.397	**4**
B. Book value of financial assets which conditions are renegotiated, and which otherwise would be counted as overdue or impaired.	-		-	-	-	-	
C. Net book value of assets, overdue but not impaired	-	9.176.000	-	-	**7**	-	
- Secured by guarantee and etc.	-	9.176.000	-	-		-	
D. Net book value of assets decrease in value	-	-	-	-		-	
- Overdue (gross book value)	-	*(333.324)*	-	-	**7**	-	
- Impairment (-)	-	*333.324*	-	-	**7**	-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
- Undue (gross book value)	-	-	-	-		-	
- Impairment (-)	-	-	-	-		-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
E. Elements containing credit risk off the balance sheet	-	-	-	-		-	

31 December 2012	**Receivables**						
	Trade Receivables		**Other Receivables**				
	Related	**Other**	**Related**	**Other**	**Note**	**Deposits in Banks**	**Note**
Maximum credit risk exposed as of the date of reporting (A+B+C+D+E)	**411.807**	**151.327.905**	-	**9.250.623**		**17.343.876**	
- The part of maximum risk secured by guarantee etc.	-	151.327.905	-	-	**7**	-	
A. Net book value of financial assets which are undue or which is not impaired	411.807	147.968.905	-	9.250.623	**7-8-25**	17.343.876	**4**
B. Book value of financial assets which conditions are renegotiated, and which otherwise would be counted as overdue or impaired.	-		-	-	-	-	
C. Net book value of assets, overdue but not impaired	-	3.359.000	-	-	**7**	-	
- Secured by guarantee and etc.	-	3.359.000	-	-		-	
D. Net book value of assets decrease in value	-	-	-	-		-	
- Overdue (gross book value)	-	*(333.324)*	-	-	**7**	-	
- Impairment (-)	-	*333.324*	-	-	**7**	-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
- Undue (gross book value)	-	-	-	-		-	
- Impairment (-)	-	-	-	-		-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
E. Elements containing credit risk off the balance sheet	-	-	-	-		-	

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

The ageing of trade receivables, overdue but not impaired, is as follows;

	Receivable				
30 June 2013	**Trade Receivable**	**Other Receivable**	**Bank Deposit**	**Derivative Instruments**	**Other**
1-30 days overdue	8.258.400	-	-	-	-
1-3 months overdue	917.600	-	-	-	-
3-12 months overdue	-	-	-	-	-
1-5 years overdue	-	-	-	-	-
More than 5 years overdue	-	-	-	-	-
Assets covered portion with guarantee letter etc.	9.176.000	-	-	-	-

	Receivable				
31 December 2012	**Trade Receivable**	**Other Receivable**	**Bank Deposit**	**Derivative Instruments**	**Other**
1-30 days overdue	3.023.100	-	-	-	-
1-3 months overdue	335.900	-	-	-	-
3-12 months overdue	-	-	-	-	-
1-5 years overdue	-	-	-	-	-
More than 5 years overdue	-	-	-	-	-
Assets covered portion with guarantee letter etc.	3.359.000	-	-	-	-

Impeirment analysis on trade receivables is made over the ageing table and though assessing the management's best estimates.

(h) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

<u>Liquidity Risk Tables</u>

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and having the availability and flexibility of funding through an adequate amount of (committed) credit facilities.

The risk of meeting existing and probable future liabilities is managed only by means of having access to sufficient number of trustable creditors.

The table below indicates derivative and non-derivative financial liabilities of the Group in terms of TRY and maturity term.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

30 June 2013

Non-derivative financial instruments

Contractual maturities:	Carrying value	Total contractual cash outflow	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years
Bank borrowing	118.021.292	122.753.072	65.012.214	26.451.691	31.289.167	-
Corporate bonds issued	-	-	-	-	-	-
Financial Lease	-	-	-	-	-	-
Trade Payables	78.196.418	78.451.515	44.624.153	33.827.362		-
Other Liabilities	8.532.519	8.532.519	8.532.519	-	-	-
Non-derivative financial liabilities	**204.750.229**	**209.737.106**	**118.168.886**	**60.279.053**	**31.289.167**	**-**

Derivative financial liabilities

There is no outstanding contract on derivative financial instruments of 30 June 2013.

31 December 2012

Non-derivative financial instruments

Contractual maturities:	Carrying value	Total contractual cash outflow	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years
Bank borrowing	135.697.094	153.878.583	7.320.209	79.990.955	66.567.419	-
Corporate bonds issued	-	-	-	-	-	-
Financial Lease	-	-	-	-	-	-
Trade Payables	97.392.612	97.668.650	84.074.519	13.594.131		-
Other Liabilities	7.935.823	7.935.823	7.935.823	-	-	-
Non-derivative financial liabilities	**241.025.529**	**259.483.056**	**99.330.551**	**93.585.086**	**66.567.419**	**-**

NOTE 30 - FINANCIAL INSTRUMENTS

(Fair value and hedging disclosures)

The Group believes that registered values of financial instruments reflect their fair values.

Objectives of Financial Risk Management

Finding access to financial markets and managing financial risks arisen from operational activities of the Group fall under the responsibility of the Group's finance department. Aforementioned risks include market risk (foreign exchange risk, interest rate risk and price risk) Financial risk covers market risk (exchange rate risk, fair value of interest risk and price risk), credit risk liquidity risk and cash flow risk.

NOTE 30 - FINANCIAL INSTRUMENTS (Continued)

Determination of the fair value of financial assets and liabilities are explained below;

Level 1: Valuation of the financial assets and liabilities over the stock exchange prices of similar assets and liabilities resulting from the transactions in active markets.

Level 2: Valuation of the financial assets and liabilities over the price calculated on the basis of the data that is directly or indirectly observable in the market other than the stock exchange price of the relevant asset or liability determined on the first level.

Level 3: Valuation of the financial assets and liabilities carried out in the absence of observable data in the market for determining the fair value of the reelvant asset or liability.

Derivative financial instruments

In order to hedge these risks, the Group enters into forward foreign currency transaction agreements as a financial instrument where necessary.

As of 30 June 2013 and 31 December 2012, Group does not have any outstanding forward foreign currency contracts.

NOTE 31 - SUBSEQUENT EVENTS

At the meeting of our Board of Directors dated 11 July 2013,

Because the sales transaction of our company's immovables located in İstanbul Province, Kartal District, Soğanlık Neighbourhood, Block 4485, Section 4, Parcels 17, 184, 192 and 289 through the sales tender which was carried out on 04 July 2013 in return for TRY191.000.000 is "a significant transaction" for our company as per Article 23 of Capital Market Law and related regulations, it was decided to submit the transaction to the approval of general assembly, perform the sales transaction following the approval decision of general assembly which is gathered on 13 August 2013 and make the company management authorised for any business and transaction related to this subject.

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