

**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 2014**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR 1 JANUARY - 30 JUNE 2014**

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CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2014 AND 31 DECEMBER 2013

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

	Notes	30 June 2014	31 December 2013
ASSETS			
Current assets		494.958.615	554.838.527
Cash and cash equivalents	4	109.211.645	189.832.793
Trade receivables			
- Due from related parties	27	357.339	862.968
- Due from other parties	7	180.017.981	209.593.481
Other receivables	8	4.329.217	552.576
Inventories	9	192.857.419	148.170.807
Prepaid expenses	16	964.416	288.556
Other current assets	16	7.220.598	5.537.346
Non-current assets		101.106.674	93.170.312
Financial assets	5	-	3.898
Trade receivables			
- Due from other parties	7	-	1.071.968
Other receivables	8	186	2.009
Property, plant and equipment	10	70.107.111	65.199.149
Intangible assets	11	28.657.471	24.551.268
Goodwill	12	2.340.995	2.340.995
Prepaid expenses	16	911	1.025
Total assets		596.065.289	648.008.839

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

These consolidated financial statements as of and for the period 1 January - 30 June 2014 have been approved for issue by the Board of Directors ("BOD") on 14 August 2014 and signed on its behalf of BOD by Independent Member of Board of Directors (Chief of Audit Commite) Kamil Ömer BOZER, Independent Member of Board of Directors (Member of Audit Commite) Ahmet Cemal DÖRDÜNCÜ, General Manager Yusuf Tuğrul ARIKAN and Cheif Financial Officer Bora ÖNER.

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CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2014 AND 31 DECEMBER 2013

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

	Notes	30 June 2014	31 December 2013
LIABILITIES			
Current liabilities		236.402.326	238.584.165
Financial liabilities	6	62.171.630	85.185.677
Trade payables			
- Due to related parties	27	104.569.333	83.558.259
- Due to other parties	7	49.816.123	53.860.527
Other payables			
- Due to related parties	27	9.109	9.109
- Due to other parties	8	6.026.639	6.320.022
Deferred revenues	16	850.832	789.076
Current income tax liabilities	25	727.740	823.708
Provisions			
Other provisions	14	12.230.920	8.037.787
Non-current liabilities		42.683.657	44.090.255
Financial liabilities	6	28.919.000	29.365.000
Deferred revenues	16	1.335.054	1.306.521
Provisions			
Provision for employment termination benefits	15	11.324.496	11.114.649
Deferred tax liabilities	25	1.105.107	2.304.085
EQUITY	17	316.979.306	365.334.419
Shareholders' equity		316.979.306	365.313.326
Paid-in capital		25.419.707	25.419.707
Adjustment to share capital		86.901.880	86.901.880
Other comprehensive (income)/expenses not to be reclassified to statement of income			
Gain on revaluation and reclassification		488.449	453.176
Restricted reserves		159.657.537	14.744.014
Retained earnings		27.468.021	39.048.753
Income for the period		17.043.712	198.745.796
Non-controlling interests	17	-	21.093
Total liabilities and equity		596.065.289	648.008.839

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS ENDED 1 JANUARY - 30 JUNE 2014 AND 2013

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

	Notes	01.01.2014- 30.06.2014	01.01.2013- 30.06.2013	01.04.2014- 30.06.2014	01.04.2013- 30.06.2013
CONTINUING OPERATIONS					
Revenue	18	323.490.718	270.324.396	167.078.284	158.121.067
Cost of sales (-)	18	(264.949.219)	(224.016.832)	(139.379.061)	(131.817.239)
GROSS PROFIT		58.541.499	46.307.564	27.699.223	26.303.828
General administrative expenses (-)	19	(14.116.927)	(12.488.605)	(6.927.837)	(6.949.749)
Marketing, selling and distribution expenses (-)	19	(25.355.092)	(23.728.442)	(13.712.334)	(13.103.764)
Research and development expenses (-)	19	(1.112.349)	(863.936)	(324.815)	(526.760)
Other income	21	3.457.236	3.742.612	1.050.161	207.060
Other expenses (-)	21	(5.108.160)	(1.536.752)	627.537	(529.090)
OPERATING PROFIT		16.306.207	11.432.441	8.411.935	5.401.525
Income from investing activities	22	56.673	2.410.709	55.362	2.333.121
Expenses from investing activities (-)	22	(33.771)	-	(27.052)	-
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		16.329.109	13.843.150	8.440.245	7.734.646
Financial expenses (-)	24	(9.814.124)	(8.421.461)	(3.063.411)	(3.709.655)
Financial income	23	12.796.614	2.728.203	4.514.252	1.648.848
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		19.311.599	8.149.892	9.891.086	5.673.839
Income tax (expense)/income from continuing operations		(2.267.887)	(592.565)	(1.134.164)	(691.608)
Taxes on income (-)	25	(3.475.683)	(66.668)	(1.510.361)	(31.606)
Deferred tax income/(expense)	25	1.207.796	(525.897)	376.197	(660.002)
NET INCOME FROM CONTINUING OPERATIONS		17.043.712	7.557.327	8.756.922	4.982.231
NET INCOME FOR THE YEAR		17.043.712	7.557.327	8.756.922	4.982.231
Attributable to:		17.043.712	7.557.327	8.756.922	4.982.231
Non-controlling interests		-	(1.511)	-	(2.124)
Equity holders of the parent	17	17.043.712	7.558.838	8.756.922	4.984.355
Income per hundred shares		0,6705	0,2974	0,3445	0,1961

Other comprehensive income

Items that will not be reclassified to profit or loss

Remeasurements of provision for employment termination benefits		44.091	(155.186)	330.980	(143.589)
Tax effect of provision for employment termination benefits		(8.818)	31.037	(66.196)	28.718
OTHER COMPREHENSIVE INCOME (AFTER TAX)		35.273	(124.149)	264.784	(114.871)

Total comprehensive income attributable to:		17.078.985	7.433.178	9.021.706	4.867.360
Non-controlling interests		-	(1.511)	-	(2.124)
Equity holders of the parent		17.078.985	7.434.689	9.021.706	4.869.484

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CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE INTERIM PERIODS ENDED
30 JUNE 2014 AND 2013

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

	Notes	1 January - 30 June 2014	1 January - 30 June 2013
Operating activities:			
Net income	17	17.043.712	7.558.838
Adjustments to reconcile net cash generated:			
Depreciation	10	4.326.322	3.699.729
Amortisation	11	3.667.258	2.422.442
Provision for employee benefits	15	975.884	1.386.390
Income on taxes	25	2.267.887	592.565
Interest income	23	(9.657.034)	(1.317.041)
Interest expenses	24	4.336.672	6.114.115
Foreign exchange differences on borrowings		(446.000)	-
Other non-cash generating expenses, net		5.675.664	1.943.485
Gain on sales of property, plant and equipment	22	22.902	(2.410.709)
Net operating income before changes in assets and liabilities:		28.213.267	19.989.814
Changes in assets and liabilities:			
Net decrease in trade receivables		28.315.633	7.223.002
Net (increase)/decrease in inventories	9	(44.686.612)	12.291.501
Net (increase)/decrease in other current assets	8-16	(6.135.753)	1.614.947
Net decrease/(increase) in other non-current assets		972.986	(141.888)
Net increase/(decrease) in trade payables	7-27	17.304.690	(19.008.831)
Net (decrease)/increase in other liabilities		(1.102.950)	479.037
Taxes paid	25	(2.747.943)	(80.554)
Employment termination benefits paid	15	(721.946)	(520.826)
Cash flows generated from operating activities:		19.411.372	21.846.202
Investing activities:			
Proceeds from sales of property, plant and equipment		174.650	2.622.669
Purchase of property, plant and equipment	10	(9.411.257)	(3.352.451)
Purchase of intangible assets	11	(7.773.461)	(5.547.295)
Cash flows used in investing activities:		(17.010.068)	(6.277.077)
Financing activities:			
Dividend payments		(65.328.767)	(3.000)
Interests received		9.401.065	1.296.901
Interests paid		(4.350.719)	(5.873.250)
Proceeds from borrowings		32.000.000	44.000.000
Repayments of borrowings		(55.000.000)	(61.916.667)
Net cash used in financing activities:		(83.278.421)	(22.496.016)
Net decrease in cash and cash equivalents		(80.877.117)	(6.926.891)
Cash and cash equivalents at the beginning of period	4	189.358.983	17.374.113
Cash and cash equivalents at the end of period	4	108.481.866	10.447.222

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIODS ENDED 30 JUNE 2014 AND 2013

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

Previous period	Notes	Paid in capital	Adjustment to capital	Total paid in share capital	Other comprehensive (income)/expenses not to be reclassified to statement of income	Retained earnings		Shareholders' equity attributable to equity holders of the Group	Non-controlling interests	Total shareholders' equity	
					Gain/(loss) on revaluation and reclassification	Restricted reserves	Retained earnings				Income for the period
As of 1 January 2013	17	25.419.707	86.901.880	112.321.587	(70.483)	14.693.894	37.762.889	1.338.984	166.046.871	18.798	166.065.669
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)	-	-	7.558.838	7.434.689	(1.511)	7.433.178
Transfers		-	-	-	-	-	1.338.984	(1.338.984)	-	-	-
Dividends paid		-	-	-	-	50.120	(53.120)	-	(3.000)	-	(3.000)
As of 30 June 2013	17	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
Current period											
As of 1 January 2014	17	25.419.707	86.901.880	112.321.587	453.176	14.744.014	39.048.753	198.745.796	365.313.326	21.093	365.334.419
Net profit for the period		-	-	-	-	-	-	17.043.712	17.043.712	-	17.043.712
Other comprehensive income		-	-	-	35.273	-	-	-	35.273	-	35.273
Total comprehensive income		-	-	-	35.273	-	-	17.043.712	17.078.985	-	17.078.985
Transfers		-	-	-	-	144.917.063	53.828.733	(198.745.796)	-	-	-
Transactions with non-controlling interests (2.1.2)		-	-	-	-	(3.540)	(80.698)	-	(84.238)	(21.093)	(105.331)
Dividends paid		-	-	-	-	-	(65.328.767)	-	(65.328.767)	-	(65.328.767)
As of 30 June 2014	17	25.419.707	86.901.880	112.321.587	488.449	159.657.537	27.468.021	17.043.712	316.979.306	-	316.979.306

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
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**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

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

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 Borsa İstanbul A.Ş. 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 Çayırova/Kocaeli. The average number of employees as of 30 June 2014 is 751 (31 December 2013: 724).

The Company's official address registered in the Trade Registry is Fatih Sultan Mehmet Mahallesi Balkan Caddesi No:58 Buyaka E Blok Tepeüstü, Ümraniye, İstanbul.

As of 30 June 2014 and 31 December 2013, details regarding the Company's subsidiaries, which are subject to consolidation, are as follows:

Subsidiaries	Nature of business	Capital	30 June 2014 Ownership interest held by the Company (%)	31 December 2013 Ownership interest held by the Company (%)
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.	Trade of spare parts	716.000	100,00	99,44
Anadolu Isuzu Dış Ticaret ve San. A.Ş.	Trade	100.000	-	97,00

The Company acquired remaining shares from the non-controlling interests and ownership interest held by the Company was 100% in 18 February 2014, disposed of 100.00% interest held in Anadolu Isuzu Dış Ticaret ve San. A.Ş. (Note 2.1.2 c-d).

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 accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("TFRIC").

The financial statements of the consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the consolidated financial statements of the Group have been prepared accordingly.

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

2.1 Basis of presentation (Continued)

2.1.1 Financial reporting standards (Continued)

The Company (and its subsidiaries registered in Turkey) maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS.

2.1.2 Consolidation principles

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operational policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

The table below sets out the Subsidiaries interest at 30 June 2014 and 31 December 2013:

Subsidiaries	Proportion of effective interest (%)		Direct and indirect ownership interest held by Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.	100,00	99,44	100,00	99,44
Anadolu Isuzu Dış Ticaret ve San. A.Ş.	-	97,00	-	97,00

(b) Change in ownership interests in subsidiaries without change of control

The Group applies a policy of treating transactions with non-controlling interests that do not result in loss of control, as transactions with equity holders of the parent. Regarding the purchases from non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Regarding the disposals to non-controlling interests, the difference between fair value of any proceeds received and the relevant share of non-controlling interests are also recorded in equity. Consequently, gains or losses on disposals to non-controlling interests are not accounted for in the consolidated statement of income.

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

2.1 Basis of presentation (Continued)

2.1.2 Consolidation principles (Continued)

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in statement of other comprehensive income are reclassified to statement of income.

(d) Acquisition of additional interest in a subsidiary:

On 14 February 2014, the Company acquired remaining 0.56% of the issued shares of Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.'nin ("Ant") for a purchase consideration of TRY16.632. The Group now holds 100.00% of the equity share capital of Ant. The carrying amount of the non-controlling interest in Ant on the date of acquisition was negative TRY16.632. The effect of changes in the ownership interest of Ant on the equity attributable to equity holders of the parent during the year is summarised as follows:

	1 January - 30 June 2014
Carrying amount of non-controlling interests acquired	16.632
Consideration paid to non-controlling interests	(16.632)
Excess of consideration paid recognised in equity holders of the parent	-

(e) Disposal of interest in a subsidiary

On 14 February 2014, the Company acquired additional 300.000 number of shares, 3.00% of the issued shares of Anadolu Isuzu Dış Ticaret ve Sanayi A.Ş.'nin ("Dış Ticaret") for a purchase consideration of TRY7.340. The Group now holds 100.00% of the equity share capital of Dış Ticaret. On 29 May 2014, the Company disposed of 100.00% interest held in Dış Ticaret at a consideration of TRY140.750. Gain on disposal of interest in a subsidiary was TRY24.123 (Note22).

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 consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements.

In accordance with the decision taken in the CMB meeting numbered 20/670 held on 7 June 2013, and in compliant with the announcement related to the format of financial statements and its accompanying notes, comparative figures have been reclassified to conform to the changes in presentation in the current period.

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

a) The new standards, amendments and interpretations which are effective for the financial statements as of 30 June 2014:

- TAS 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 TAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- TFRS 10, TFRS 12 ve TAS 27 (amendments), "Consolidated financial statements": 'exceptions for the consolidation of subsidiaries'; is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics.
- TAS 36 (amendments), "Impairment of assets" on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- TAS 39 (amendments) "Financial Instruments: Recognition and Measurement" - "Novation of derivatives is effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.
- TFRIC 21 - TAS 37, "Levies" is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of TAS 37, 'Provisions, contingent liabilities and contingent assets'. TAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

b) The new standards, amendments and interpretations introduced to the prior Financial Statements as of 30 June 2014, however will be effective after 1 July 2014:

- TAS 19 (amendment), "Defined benefit plans", is effective for annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards :
 - TFRS 2, "Share Based Payment"
 - TFRS 3, "Business Combination"
 - TFRS 8, "Operating Segments"
 - TFRS 13, "Fair value measurement"
 - TAS 16, "Tangible Assets and TAS 38, Intangible Assets"
 - TFRS 9, "Financial Instruments: TAS 37, Provisions, Contingent Assets and Liability"
 - TFRS 39, "Financial Instruments-Recognition and Measurement"

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)

b) The new standards, amendments and interpretations introduced to the prior Financial Statements as of 30 June 2014, however will be effective after 1 July 2014: (Continued)

- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from 2011-2013 cycle of the annual improvements project that affect 4 standards:
 - TFRS 1, "First Adoption of TFRS"
 - TFRS 3, "Business Combinations"
 - TFRS 13, "Fair Value Measurement"
 - TAS 40, "Investment Properties"
- TFRS 11 (amendments), "Joint Arrangements", is effective for annual periods beginning on or after 1 July 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- TAS 16 ve TAS 38 (amendments), "Tangible Assets ", "Intangible Assets", is effective for annual periods beginning on or after 1 July 2016. In this amendment the IASB has clarified that the use of revenuebased methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- TFRS 14, "Regulatory deferral accounts", is effective for annual periods beginning on or after 1 July 2016. 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- TFRS 15, "Revenue from contracts with customers", is effective for annual periods beginning on or after 1 July 2017. the International Accounting Standards Board (IASB) and the US national standard-setter, the Financial Accounting Standards Board (FASB), initiated a joint project to clarify the principles for recognising revenue and to develop a common revenue standard for TFRS and US GAAP. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new model employs an asset and liability approach, rather than current revenue guidance focuses on an 'earnings process'.
- TFRS 9 "Financial instruments" - classification and measurement; is effective for annual periods beginning on or after 1 January 2018. This standard on classification and measurement of financial assets and financial liabilities will replace TAS 39, "financial instruments: Recognition and measurement". TFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the TAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.

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)

b) The new standards, amendments and interpretations introduced to the prior Financial Statements as of 30 June 2014, however will be effective after 1 July 2014: (Continued)

- Amendments to TFRS 9, "Financial instruments", regarding general hedge, is effective for annual periods beginning on or after 1 January 2018. These amendments to TFRS 9, "Financial instruments", bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

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

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

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.

2.2.5 Intangible assets

Intangible assets acquired before 1 January 2005 are carried at indexed historical cost for inflation effects as at 31 December 2004; however, purchases after 1 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.

2.2.6 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 TFRS 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.

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.6 Goodwill and related amortisation (Continued)

Within the framework of TFRS 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.

2.2.7 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.

2.2.8 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.

2.2.9 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.

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.10 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.

2.2.11 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.

2.2.12 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.

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

2.2.13 Warranty provision expenses

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

2.2.14 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.

2.2.15 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.

2.2.16 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.

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.16 Income per share (Continued)

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.

2.2.17 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.

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.18 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.

2.2.19 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.

2.2.20 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 13.

2.2.21 Derivative financial instruments

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.21 Derivative financial instruments (Continued)

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 TAS 39, "Financial Instruments: Recognition and Measurement", and therefore are accounted for as derivatives held-for-trading in the consolidated financial statement.

2.2.22 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 2014, 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.

2.2.23 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.

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.

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NOTE 4 - CASH AND CASH EQUIVALENTS

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

	<u>30 June 2014</u>	<u>31 December 2013</u>
Cash	65.633	62.775
Banks - Demand deposits	10.052.191	6.492.610
Banks - Time deposits (up to 3 months)	98.911.337	183.277.408
Other cash and cash equivalents	182.484	-
Total	109.211.645	189.832.793

There are no blocked deposits as of 30 June 2014 and 31 December 2013.

Cash and cash equivalents presented in the consolidated cash flow statements as of 30 June 2014 and 30 June 2013 are as follows:

	<u>30 June 2014</u>	<u>30 June 2013</u>
Cash and banks	109.211.645	10.468.590
Less: Interest accruals	(729.779)	(21.368)
Total (Excluding interest accruals)	108.481.866	10.447.222

The details of time deposits are as follows:

	<u>30 June 2014</u>		<u>31 December 2013</u>	
	<u>Amount in TRY</u>	<u>Annual Interest Rate (%)</u>	<u>Amount in TRY</u>	<u>Annual Interest Rate (%)</u>
TRY	93.382.603	7,50-11,05	176.164.120	5,75-9,81
USD	2.463.199	0,10-1,75	3.398.368	0,10-3,25
EUR	3.065.535	1,75	3.714.920	1,60-2,75
Total	98.911.337		183.277.408	

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 2014, time and demand deposits amounting to TRY7.129.716 are at Alternatifbank A.Ş., a related party of the Group (31 December 2013: TRY3.855.518).

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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:

Entities	<u>30 June 2014</u>		<u>31 December 2013</u>	
	Share Amount	Share Ratio%	Share Amount	Share Ratio%
Efestur A.Ş.	-	-	1.621	2,50
Anadolu Otomotiv Dış Ticaret A.Ş.	-	-	2.277	2,00
Total available-for-sale financial assets	-		3.898	

The Group's equity securities are not quoted to an active market and are carried at their cost values.

NOTE 6 - FINANCIAL LIABILITIES

The details of bank loans as of 30 June 2014 and 31 December 2013 are as follows:

Short Term Financial Liabilities

	<u>Effective Interest Rate (%)</u>		<u>Original Currency</u>		<u>Amount in TRY</u>	
	<u>30 June 2014</u>	<u>31 December 2013</u>	<u>30 June 2014</u>	<u>31 December 2013</u>	<u>30 June 2014</u>	<u>31 December 2013</u>
Short-term Bank Loans						
TRY	9,02	8,66	62.000.000	85.000.000	62.171.630	85.185.677
Total					62.171.630	85.185.677

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

Period	<u>30 June 2014</u>	<u>31 December 2013</u>
Up to 1 month	32.008.444	55.012.396
Total	32.008.444	55.012.396

Long Term Financial Liabilities

	<u>Effective Interest Rate (%)</u>		<u>Original Currency</u>		<u>Amount in TRY</u>	
	<u>30 June 2014</u>	<u>31 December 2013</u>	<u>30 June 2014</u>	<u>31 December 2013</u>	<u>30 June 2014</u>	<u>31 December 2013</u>
Long-term Bank Loans						
EUR	3,79	3,73	10.000.000	10.000.000	28.919.000	29.365.000
Total					28.919.000	29.365.000

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables at period ends are as follows:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Short-term trade receivables		
Trade Receivables, net	179.990.769	209.496.214
Cheques Received, net	27.212	97.267
Doubtful Receivables	333.324	333.324
Less: Provision for doubtful receivables	(333.324)	(333.324)
Total	180.017.981	209.593.481

Movements of provision for doubtful receivables are as follows:

	<u>30 June 2014</u>	<u>30 June 2013</u>
Opening balance	333.324	333.324
Provisions for the period	-	-
Collections during the period	-	-
Ending balance	333.324	333.324

	<u>30 June 2014</u>	<u>31 December 2013</u>
Long-term trade receivables		
Export-registered VAT receivables	-	1.071.968
Total	-	1.071.968

Trade payables as of period ends are as follows:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Trade Payables		
Trade payables, net	49.816.123	53.860.527
Total	49.816.123	53.860.527

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

	<u>30 June 2014</u>	<u>31 December 2013</u>
Other Short-term Receivables (Other receivables)		
Receivables from government authorities(*)	3.784.070	344.433
Receivables from personnel	543.880	206.876
Deposits and guarantees given	1.267	1.267
Total	4.329.217	552.576

(*) As of 30 June 2014, the Group has TRY3.708.001 receivables from government authorities in relation to VAT return (31 December 2013: TRY274.855).

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NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other Long-term Receivables (Other receivables)	<u>30 June 2014</u>	<u>31 December 2013</u>
Deposits and guarantees given	186	2.009
Total	186	2.009

Other Short-term Payables (Other payables)	<u>30 June 2014</u>	<u>31 December 2013</u>
Due to personnel	875.782	634.271
Order advances received	2.357.901	2.225.337
Taxes and funds payable	1.440.916	2.258.753
Social security premiums payable	1.350.374	1.200.511
Other miscellaneous payables	1.666	1.150
Total	6.026.639	6.320.022

NOTE 9 - INVENTORIES

Inventory balances as of period ends are as follows:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Raw materials	63.184.447	48.575.705
Semi-finished goods	1.300.175	1.117.508
Finished goods	57.347.687	17.259.901
Trade goods	17.220.887	38.807.670
Other inventories	26.390.790	6.852.175
Advances given for import and domestic purchases	29.771.116	37.367.017
	195.215.102	149.979.976
Less: Provisions for impairment of finished goods and trade goods	(2.357.683)	(1.809.169)
Total Inventories	192.857.419	148.170.807

Movements of Provision for Impairment on Inventories	<u>30 June 2014</u>	<u>30 June 2013</u>
Opening balance	1.809.169	1.242.014
Less: Provision released due to the net realizable value	(823.665)	(487.925)
Current period charge	1.372.179	-
Ending balance	2.357.683	754.089

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	<u>Land</u>	<u>Land improvements</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Motor vehicles</u>	<u>Furniture and fixtures</u>	<u>Other tangible assets</u>	<u>Constructions in progress and advances given</u>	<u>Total</u>
As of 1 January 2014	1.292.239	7.592.013	60.304.949	154.697.308	6.918.045	2.721.536	759.841	2.306.175	236.592.106
Additions	-	-	16.563	3.037.832	110.980	260.200	3.058	5.982.624	9.411.257
Transfers			2.931.171	3.465.308	-	-	-	(6.396.479)	-
Disposals	-	-	-	-	(227.620)	-	(42.490)	-	(270.110)
As of 30 June 2014	1.292.239	7.592.013	63.252.683	161.200.448	6.801.405	2.981.736	720.409	1.892.320	245.733.253

Accumulated depreciation

As of 1 January 2014	-	(6.756.876)	(33.481.299)	(124.418.577)	(3.537.192)	(2.447.437)	(751.576)	-	(171.392.957)
Current period depreciation	-	(58.654)	(1.061.958)	(2.722.617)	(448.936)	(32.588)	(1.569)	-	(4.326.322)
Disposals	-	-	-	-	50.647	-	42.490	-	93.137
As of 30 June 2014	-	(6.815.530)	(34.543.257)	(127.141.194)	(3.935.481)	(2.480.025)	(710.655)	-	(175.626.142)

Net Book Value

As of 1 January 2014	1.292.239	835.137	26.823.650	30.278.731	3.380.853	274.099	8.265	2.306.175	65.199.149
As of 30 June 2014	1.292.239	776.483	28.709.426	34.059.254	2.865.924	501.711	9.754	1.892.320	70.107.111

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

<u>Cost</u>	<u>Land</u>	<u>Land improvements</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Motor vehicles</u>	<u>Furniture and fixtures</u>	<u>Other tangible assets</u>	<u>Constructions in progress and advances given</u>	<u>Total</u>
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									-
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

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
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

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NOTE 11 - INTANGIBLE ASSETS

**1 January -
30 June 2014**

	<u>Cost</u>	<u>Rights</u>	<u>Development costs</u>	<u>Other intangible assets</u>	<u>Constructions in progress and advances given</u>	<u>Total</u>
As of 1 January 2014		158.662	31.657.489	5.918.450	1.595.048	39.329.649
Additions		-	-	621.760	7.151.701	7.773.461
As of 30 June 2014		158.662	31.657.489	6.540.210	8.746.749	47.103.110

Accumulated amortisation

As of 1 January 2014	(34.696)	(12.172.646)	(2.571.039)	-	(14.778.381)
Current year amortisation	(6.073)	(2.913.674)	(747.511)	-	(3.667.258)
As of 30 June 2014	(40.769)	(15.086.320)	(3.318.550)	-	(18.445.639)

Net Book Value

As of 1 January 2014	123.966	19.484.843	3.347.411	1.595.048	24.551.268
As of 30 June 2014	117.893	16.571.169	3.221.660	8.746.749	28.657.471

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NOTE 11 - INTANGIBLE ASSETS (Continued)

**1 January -
30 June 2013**

	<u>Cost</u>	<u>Rights</u>	<u>Development costs</u>	<u>Other intangible assets</u>	<u>Constructions in progress and advances given</u>	<u>Total</u>
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
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)
As of 30 June 2013	(29.386)	(9.928.797)	(2.165.030)	-	(12.123.213)

Net Book Value

As of 1 January 2013	87.565	13.279.936	1.636.417	2.783.062	17.786.980
As of 30 June 2013	83.768	11.170.051	1.666.075	7.991.939	20.911.833

NOTE 12 - GOODWILL

30 June 2014

	<u>Net Book Value</u>
As of 1 January 2014	2.340.995
Additions	-
Provision for impairment	-
As of 30 June 2014	2.340.995

30 June 2013

	<u>Net Book Value</u>
As of 1 January 2013	2.340.995
Additions	-
Provision for impairment	-
As of 30 June 2013	2.340.995

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NOTE 13 - GOVERNMENT GRANTS

In the first six-month period of 2014, cash support amounting to TRY511.811 related to R&D activities provided by TUBITAK was collected. In 2013, cash support amounting to TRY993.700 related to R&D activities provided by TUBITAK was collected.

Due to the Group's expenditures for R&D study during the first six months of 2014, there was R&D deduction corresponding to TRY6.584.890. 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 2013, carried forward R&D deduction amount is TRY35.011.808).

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.

Regarding the TRY15.335.033 spent as of 30 June 2014 in accordance with Incentive Certificate No. 5487 dated 26 February 2010: the Group has started to benefit from the 20% investment incentive and 50% discounted corporate income tax incentive within the framework of Article 32/A of the Corporate Income Tax Law in proportion to the effect of the investment on generated income.

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions for expenses and liabilities (Short-term)	30 June 2014	31 December 2013
Warranty provisions	7.253.036	7.226.702
Provision for lawsuits	604.384	520.099
Provision for employee benefits	1.302.471	290.986
Provision for commission and premium	2.767.846	-
Provision for derivative instruments	53.072	-
Provision for licence	250.111	-
Total	12.230.920	8.037.787

Movements of provisions during the period are as follows:

	Warranty provisions	Provision for lawsuits	Provision for employee benefits	Provision for commission and premium	Provision for derivative instruments	Provision for licence	Total
As of 1 January 2014	7.226.702	520.099	290.986	-	-	-	8.037.787
Additions during the period	3.929.841	98.913	1.302.471	2.767.846	53.072	250.111	8.402.254
Paid during the period (-)	(3.903.507)	-	(290.986)	-	-	-	(4.194.493)
Cancellation of provision (-)	-	(14.628)	-	-	-	-	(14.628)
As of 30 June 2014	7.253.036	604.384	1.302.471	2.767.846	53.072	250.111	12.230.920

Lawsuits against the Group;

Total amount of initiated law suits against the Group, which has not been resulted until the balance sheet date as of 30 June 2014, is TRY604.384 (31 December 2013: TRY520.099).

Mortgages and Guarantees on Assets;

The Group does not have any mortgages or guarantees on its assets.

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

Total Insurance Coverage on Assets;

Total insurance coverage on assets as of 30 June 2014 is TRY366.446.232 (31 December 2013: TRY436.930.333).

The total amounts of commitments not included in liabilities are as follows:

Type	30 June 2014	31 December 2013
Guarantee letters given	16.359.628	15.814.739
Total	16.359.628	15.814.739

The Group’s guarantee/pledge/mortgage (“GPM”) positions as of 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014	31 December 2013
A. Total amount of GPM given on behalf of the Group	16.359.628	15.814.739
i. Letters of guarantee	16.359.628	15.814.739
ii. Mortgages	-	-
B. Total amount of GPM given on behalf of Subsidiaries subject to full consolidation	-	-
C. Total amount of GPM given on behalf of third parties in order to sustain operating activities	-	-
D. Total amount of other GPM given	-	-
i. Total amount of GPM given on behalf of main shareholder	-	-
ii. Total amount of GPM given on behalf of other affiliated companies which cannot be classified under section B and C	-	-
iii. Total amount of GPM given on behalf of the third person that cannot be classified under section C	-	-
Total	16.359.628	15.814.739

The ratio of total amount of other GPM given on behalf of the Group to the Group’s shareholders’ equity as of 30 June 2014 is 0% (31 December 2013: 0%).

The Group is exposed to foreign currency exchange risk as the Group has foreign currency denominated earnings and liabilities. The Group conducts financial derivative instruments in order to hedge its foreign currency exposure due to fluctuation in foreign currencies.

NOTE 15 - PROVISION FOR EMPLOYMET BENEFITS

	30 June 2014	31 December 2013
Provision for employee benefits	11.324.496	11.114.649

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The liability is not funded in the consolidated financial statements, as there is no funding requirement for provision for employee benefits in Turkey.

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NOTE 15 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Company calculates the reserve for employee benefits every six months, the maximum amount of TRY3.438,22 which is effective from 30 June 2014 (31 December 2013: TRY3.438,22) has been taken into consideration in the calculations.

In addition, termination indemnities are not paid to employees who leave their jobs voluntarily. With respect to this, estimated value of termination indemnity amounts that will stay in the Group should also be taken into consideration.

According to TAS 19, for the liability of termination indemnities related to the future periods, a convenient discount rate and inflation expectation must be determined to obtain a real discount as a result of offsetting them. This discount rate should be used in the calculation of bringing termination indemnities payable in the future to present value as of balance date.

	<u>30 June 2014</u>	<u>31 December 2013</u>
Discount rate (%)	3,94	3,94
Turnover rate to estimate the probability of retirement (%)	97,77	97,74

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 financial statements.

Movements in the provision for employee benefits during the period are as follows:

	<u>30 June 2014</u>	<u>30 June 2013</u>
Opening	11.114.649	11.000.574
Interest cost	576.417	136.653
Remasurement differences	(44.091)	243.290
Paid during the period	(721.946)	(520.826)
Current period service cost	399.467	1.249.737
Ending	11.324.496	12.109.428

NOTE 16 - OTHER ASSETS AND LIABILITIES

Prepaid Expenses	<u>30 June 2014</u>	<u>31 December 2013</u>
Prepaid insurance expenses	580.803	186.092
Prepaid subscription expenses	10.263	14.835
Prepaid advertisement expenses	73.869	14.684
Prepaid other expenses	299.481	72.945
Total	964.416	288.556

Other current assets

	<u>30 June 2014</u>	<u>31 December 2013</u>
Carried Forward Value Added Tax ("VAT")	6.704.578	4.636.118
Provision for derivative transaction income (Note 29)	-	715.764
Job advances	38.397	-
Other	477.623	185.464
Total	7.220.598	5.537.346

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NOTE 16 - OTHER ASSETS AND LIABILITIES (Continued)

Prepaid Expenses	30 June 2014	31 December 2013
Long-term prepaid other expenses	911	1.025
Total	911	1.025

Deferred income (short term)	30 June 2014	31 December 2013
Short-term deferred income(*)	850.832	789.076
Total	850.832	789.076

(*) Subsidies obtained in relation to R&D activities, is going to be recognised in statements of income in 2014 which corresponds to TRY826.635 (31 December 2013: TRY789.076).

Deferred income (long term)	30 June 2014	31 December 2013
Long-term deferred income(*)	1.335.054	1.306.521
Total	1.335.054	1.306.521

(*) Subsidies obtained in relation to R&D activities, is going to be recognised in statements of income in 2014 which corresponds to TRY1.335.054 (31 December 2013: TRY1.306.521).

NOTE 17 - EQUITY

Capital

As of 30 June 2014, 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 share capital on the basis of share groups is as follows:

30 June 2014

<u>NAME</u>	<u>GROUP A</u>	<u>GROUP B</u>	<u>GROUP C</u>	<u>SHARE AMOUNT</u>	<u>SHARE (%)</u>
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 BEARER TO SHARES PUBLICLY OWNED	-	3.239.964	-	3.239.964	12,75
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

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NOTE 17 - EQUITY (Continued)

31 December 2013

<u>NAME</u>	<u>GROUP A</u>	<u>GROUP B</u>	<u>GROUP C</u>	<u>SHARE AMOUNT</u>	<u>SHARE (%)</u>
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
ITOCU CORPORATION BEARER TO SHARES PUBLICLY OWNED	-	3.239.964	-	3.239.964	12,75
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 Group 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.

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

30 June 2014

Paid-in share capital	25.419.707
Adjustment to share capital	86.901.880
Restricted reserves	159.657.537
Retained earnings	27.468.021
Gain on revaluation and reclassification	488.449
Net profit for the year	17.043.712
Shareholders' equity attributable to equity holders of the parent	316.979.306
Non-controlling shares	-
Total shareholders' equity	316.979.306

31 December 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 on revaluation and reclassification	453.176
Net profit for the year	198.745.796
Shareholders' equity attributable to equity holders of the parent	365.313.326
Non-controlling shares	21.093
Total shareholders' equity	365.334.419

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NOTE 17 - EQUITY (Continued)

Restricted reserves

Restricted reserves are comprised of legal reserves and other reserves.

	<u>30 June 2014</u>	<u>31 December 2013</u>
Legal reserves	19.770.898	13.294.623
Gain on sales of land and buildings	138.437.248	-
Profit reserves from sale of affiliates	1.449.390	1.449.390
Profit on cancelled shares certificates	1	1
Total	<u>159.657.537</u>	<u>14.744.014</u>

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 Group'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 2014, the Group's total restricted reserves are TRY159.657.537 (31 December 2013: TRY14.744.014).

Retained earnings

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

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

	<u>30 June 2014</u>	<u>31 December 2013</u>
Extraordinary reserves	2.386.169	12.681.037
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	<u>27.468.021</u>	<u>39.048.753</u>

Dividend distribution of the quoted companies in Turkey is 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.

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NOTE 17 - EQUITY (Continued)

In the financial statements prepared according to the standards of the CMB, the Group's retained profits amounted to TRY165.905.269.

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 18 - SALES AND COST OF SALES

Sales	1 January 2014 30 June 2014	1 April 2014 30 June 2014	1 January 2013 30 June 2013	1 April 2013 30 June 2013
Domestic sales	288.893.610	156.609.426	248.681.458	153.940.339
Foreign sales	60.624.922	22.725.274	42.801.357	17.190.896
Other sales	3.016.948	1.479.638	2.241.625	1.038.017
Income from sales (Gross)	352.535.480	180.814.338	293.724.440	172.169.252
Less: Discounts	(29.044.762)	(13.736.054)	(23.400.044)	(14.048.185)
Income from sales (Net)	323.490.718	167.078.284	270.324.396	158.121.067
Cost of sales	(264.949.219)	(139.379.061)	(224.016.832)	(131.817.239)
Gross operating profit	58.541.499	27.699.223	46.307.564	26.303.828

Cost of sales are summarised as follows:

Cost of Sales	1 January 2014 30 June 2014	1 April 2014 30 June 2014	1 January 2013 30 June 2013	1 April 2013 30 June 2013
Direct raw material costs	218.337.593	117.609.563	157.241.312	75.711.931
Direct labor costs	14.198.530	7.636.094	9.661.798	5.060.544
Depreciation and amortisation expenses	5.841.466	2.941.713	4.917.064	2.476.475
Manufacturing overhead costs	5.108.046	2.609.188	3.636.599	1.644.966
Total cost of production	243.485.635	130.796.558	175.456.773	84.893.916
Change in semi-finished goods and finished goods inventory	(39.615.792)	(27.771.761)	(11.981.635)	11.173.213
Cost of trade goods sold	59.477.001	34.952.375	60.099.256	35.541.542
Other cost of sales	1.602.375	1.401.889	442.438	208.568
Total cost of sales	264.949.219	139.379.061	224.016.832	131.817.239

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**NOTE 19 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTIONS
EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES**

a) Research and development expenses	1 January 2014 30 June 2014	1 April 2014 30 June 2014	1 January 2013 30 June 2013	1 April 2013 30 June 2013
Personnel expenses	(360.182)	(121.547)	(269.691)	(141.248)
Project costs	(120.409)	57.410	(173.017)	(117.849)
Depreciation and amortisation expenses	(63.453)	(38.820)	(38.176)	(25.721)
Other	(568.305)	(221.858)	(383.052)	(241.942)
Total Research and Development Expenses	(1.112.349)	(324.815)	(863.936)	(526.760)
b) Marketing, selling and distribution expenses				
Domestic sales expenses	(3.440.393)	(1.955.200)	(2.857.226)	(1.612.956)
Export expenses	(3.576.139)	(1.375.402)	(3.617.058)	(1.601.465)
Personnel expenses	(3.930.175)	(2.000.023)	(3.352.368)	(1.671.611)
Advertising expenses	(2.129.322)	(1.631.586)	(1.890.270)	(1.203.915)
Warranty expenses	(3.929.841)	(1.971.555)	(5.240.060)	(2.794.225)
Depreciation and amortisation expenses	(729.485)	(364.978)	(426.481)	(239.564)
Other	(7.619.737)	(4.413.590)	(6.344.979)	(3.980.028)
Total Marketing, Selling and Distribution Expenses	(25.355.092)	(13.712.334)	(23.728.442)	(13.103.764)
c) General and administrative expenses				
Personnel expenses	(5.672.777)	(3.163.722)	(4.332.300)	(1.197.867)
Provision for employee termination benefits	(447.721)	(187.094)	(1.463.650)	(2.062.502)
Service and work expenses	(4.851.328)	(1.922.947)	(3.952.804)	(1.987.111)
Depreciation and amortisation expenses	(459.030)	(227.200)	(358.560)	(179.929)
Insurance expenses	(547.466)	(266.341)	(546.221)	(273.604)
Other	(2.138.605)	(1.160.533)	(1.835.070)	(1.248.736)
Total General and Administrative Expenses	(14.116.927)	(6.927.837)	(12.488.605)	(6.949.749)

NOTE 20 - EXPENSES BY NATURE

	1 January 2014 30 June 2014	1 April 2014 30 June 2014	1 January 2013 30 June 2013	1 April 2013 30 June 2013
Direct material costs	218.337.593	117.609.563	157.241.312	75.711.931
Cost of trade goods sold	59.477.001	34.952.375	60.099.256	35.541.542
Cost of other goods sold	1.602.375	1.401.889	442.438	208.568
Change in goods inventory	(39.615.792)	(27.771.761)	(11.981.635)	11.173.213
Other operational expenses	28.921.545	14.861.603	26.839.756	15.455.506
Personnel expenses	24.609.385	13.108.479	19.079.808	9.934.059
Depreciation and amortisation expenses	7.093.435	3.572.711	5.740.281	2.921.690
Other production expenses	5.108.046	2.609.188	3.636.599	1.644.966
Total expenses	305.533.588	160.344.047	261.097.815	152.591.475

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

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NOTE 21 - OTHER OPERATING INCOME/EXPENSES

	1 January 2014 30 June 2014	1 April 2014 30 June 2014	1 January 2013 30 June 2013	1 April 2013 30 June 2013
Other operating income:				
Foreign exchange gains on trade activities	715.244	579.011	1.289.871	(485.871)
Rediscount income on trade payables	1.874.532	(77.319)	1.035.003	(6.991)
Rent income	44.803	22.467	931.125	471.195
Tubitak R&D incentive	445.719	248.450	295.168	147.584
Export support	140.957	140.957	88.836	-
Other	235.981	136.595	102.609	81.143
Total	3.457.236	1.050.161	3.742.612	207.060

Other operating expense:

Foreign exchange loss on trade activities	(2.310.882)	715.856	(286.107)	(157.509)
Rediscount expenses on trade receivables	(2.261.995)	221.275	(1.199.080)	(358.835)
Donations	(504.000)	(301.500)	(22.525)	-
Other	(31.283)	(8.094)	(29.040)	(12.746)
Total	(5.108.160)	627.537	(1.536.752)	(529.090)

NOTE 22 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January 2014 30 June 2014	1 April 2014 30 June 2014	1 January 2013 30 June 2013	1 April 2013 30 June 2013
Income from investing activities				
Gain on sales of land and buildings	-	-	2.227.362	2.227.362
Gain on sales of subsidiary share	25.852	24.541	-	-
Gain on sales of machinery and equipment	30.821	30.821	183.347	105.759
Total	56.673	55.362	2.410.709	2.333.121

	1 January 2014 30 June 2014	1 April 2014 30 June 2014	1 January 2013 30 June 2013	1 April 2013 30 June 2013
Expenses from investing activities				
Loss on sales of machinery and equipment	(33.145)	(26.426)	-	-
Loss on sales of subsidiary share	(626)	(626)	-	-
Total	(33.771)	(27.052)	-	-

NOTE 23 - FINANCIAL INCOME

	1 January 2014 30 June 2014	1 April 2014 30 June 2014	1 January 2013 30 June 2013	1 April 2013 30 June 2013
Financial income:				
Interest income	8.667.110	3.910.693	634.840	361.827
Credit finance income	989.924	582.244	682.201	263.141
Foreign exchange gains	3.139.580	21.315	1.411.162	1.023.880
Total	12.796.614	4.514.252	2.728.203	1.648.848

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NOTE 24 - FINANCIAL EXPENSES

	1 January 2014 30 June 2014	1 April 2014 30 June 2014	1 January 2013 30 June 2013	1 April 2013 30 June 2013
Financial expenses:				
Interest expenses	(4.336.672)	(1.991.626)	(6.114.115)	(2.969.227)
Foreign exchange losses	(4.170.286)	(392.737)	(1.606.278)	(416.211)
Rediscount expenses	(582.451)	(287.547)	(342.209)	(139.331)
Other financial expenses	(724.715)	(391.501)	(358.859)	(184.886)
Total	(9.814.124)	(3.063.411)	(8.421.461)	(3.709.655)

NOTE 25 - 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 2014 30 June 2014	1 April 2014 30 June 2014	1 January 2013 30 June 2013	1 April 2013 30 June 2013
Corporate tax provision	(3.475.683)	(1.510.361)	(66.668)	(31.606)
Deferred tax income/(expense)	1.207.796	376.197	(525.897)	(660.002)
Total tax expense (income statement)	(2.267.887)	(1.134.164)	(592.565)	(691.608)
Total tax (expense)/income (comprehensive income statement)	(8.818)	(66.196)	31.037	28.718
Total tax expense	(2.276.705)	(1.200.360)	(561.528)	(662.890)

	<u>30 June 2014</u>	<u>31 December 2013</u>
Current period corporate tax provision	3.475.683	2.238.324
Prepaid taxes	(2.747.943)	(1.414.616)
Taxes Payable	727.740	823.708

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.

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NOTE 25 - TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)

Effective Corporate Tax Rates: (Continued)

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.

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 TFRS/TAS and statutory tax financial statements. These differences are usually due to the recognition of income and expenses in different reporting periods between TFRS/TAS 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 2014		31 December 2013	
	Cumulative Temporary Differences	Deferred Tax Assets/(Liabilities)	Cumulative Temporary Differences	Deferred Tax Assets/(Liabilities)
Inventories	2.152.960	430.592	1.738.656	347.731
Property, plant and equipment (Net)	(31.355.648)	(6.271.130)	(32.661.674)	(6.532.335)
Provision for employment benefits	11.324.496	2.264.899	11.114.649	2.222.930
Warranty provisions	7.253.036	1.450.607	7.226.702	1.445.340
Provision for employee benefits	1.302.471	260.494	290.986	58.197
Provision for commission and premium	1.287.389	257.478	-	-
Rediscount income/expense (Net)	1.355.418	271.084	965.923	193.185
Provision for lawsuits	604.384	120.877	520.099	104.020
Other (Net)	549.961	109.992	(715.764)	(143.153)
Total Deferred Tax Liabilities, net		(1.105.107)		(2.304.085)

Movements of deferred income tax:

	1 January 2014- 30 June 2014	1 January 2013- 30 June 2013
Opening	(2.304.085)	7.736.310
Deferred tax income/(loss) (income statement)	1.207.796	(525.897)
Deferred tax income/(loss) (comprehensive income statement)	(8.818)	31.037
Deferred Tax	(1.105.107)	(7.241.450)

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NOTE 25 - TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Continued)

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

	1 January 2014- 30 June 2014	1 January 2013- 30 June 2013
Reconciliation of tax provision:		
Income from continuing operations	19.311.599	8.149.892
Corporate tax rate 20%	(3.862.320)	(1.629.978)
Taxation effect:		
- R&D deductions	1.316.978	988.692
- Income on R&D subsidies	89.144	59.034
- Non-deductible expenses for tax purposes	(3.864)	(10.313)
- Other	192.175	-
(Loss)/income tax provision on statements of income	(2.267.887)	(592.565)

NOTE 26 - INCOME/(LOSS) PER SHARE

	1 January 2014 30 June 2014	1 April 2014 30 June 2014	1 January 2013 30 June 2013	1 April 2013 30 June 2013
Net income for the period (TRY)	17.043.712	8.756.922	7.558.838	4.984.355
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 per 100 share with nominal value of TRY 1 each	0,6705	0,3445	0,2974	0,1961

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NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Related party balances

30 June 2014

<u>Related Parties</u>	<u>Receivables</u>		<u>Payables</u>	
	<u>Trade</u>	<u>Other</u>	<u>Trade</u>	<u>Other</u>
Payables to shareholders (*)	-	-	-	9.109
Anadolu Endüstri Holding A.Ş.	-	-	2.063	-
Itochu Corporation Tokyo	-	-	98.259.514	-
Isuzu Motors International Operation Thailand	-	-	3.902.963	-
Isuzu Motors Ltd. Tokyo	178.624	-	1.670.282	-
Çelik Motor Ticaret A.Ş.	-	-	24.507	-
Anadolu Motor Üretim ve Paz. A.Ş.	35.476	-	-	-
Efestur Turizm İşletmeleri A.Ş.	-	-	314.622	-
Anadolu Bilişim Hizmetleri A.Ş.	-	-	290.210	-
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	-	-	5.343	-
Adel Kalemcilik Tic. ve San. A.Ş.	2.360	-	-	-
AEH Sigorta Acenteliği A.Ş.	-	-	99.829	-
Anadolu Otomotiv Dış Ticaret A.Ş.	140.750	-	-	-
Anadolu Sağlık Merkezi İktisadi İşletmesi	129	-	-	-
Total	357.339	-	104.569.333	9.109

(*) 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 2013

<u>Related Parties</u>	<u>Receivables</u>		<u>Payables</u>	
	<u>Trade</u>	<u>Other</u>	<u>Trade</u>	<u>Other</u>
Payables to shareholders (*)	-	-	-	9.109
Anadolu Endüstri Holding A.Ş.	-	-	648.650	-
Itochu Corporation Tokyo	-	-	72.503.071	-
Isuzu Motors International Operation Thailand	616.237	-	7.381.519	-
Isuzu Motors Ltd. Tokyo	110.673	-	2.385.472	-
Çelik Motor Ticaret A.Ş.	-	-	24.875	-
Anadolu Motor Üretim ve Paz. A.Ş.	133.698	-	-	-
Efestur Turizm İşletmeleri A.Ş.	-	-	137.790	-
Anadolu Bilişim Hizmetleri A.Ş.	-	-	263.177	-
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	-	-	424	-
Adel Kalemcilik Tic. ve San. A.Ş.	2.360	-	-	-
AEH Sigorta Acenteliği A.Ş.	-	-	8.087	-
Anadolu Araçlar Ticaret A.Ş.	-	-	116.220	-
Anadolu Sağlık Merkezi İktisadi İşletmesi	-	-	350	-
Oyex Handels GmbH	-	-	88.624	-
Total	862.968	-	83.558.259	9.109

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

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NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Related party transactions:

**1 January -
30 June 2014**

<u>Sales to related parties</u>	<u>Goods and Service sales</u>	<u>Sales of Fixed assets</u>	<u>Rent income</u>	<u>Total revenues / Sales</u>
Isuzu Motors International Operation Thailand	683.833	-	-	683.833
Isuzu Motors Ltd. Tokyo	749.112	-	-	749.112
Çelik Motor Ticaret A.Ş.	338.286	-	-	338.286
Adel Kalemcilik Tic. ve San. A.Ş.	-	-	12.000	12.000
Anadolu Bilişim Hizmetleri A.Ş.	54.382	-	-	54.382
Anadolu Motor Üretim ve Paz. A.Ş.	170.029	-	9.000	179.029
Total	1.995.642	-	21.000	2.016.642

**1 January -
30 June 2013**

<u>Sales to related parties</u>	<u>Goods and Service sales</u>	<u>Sales of Fixed assets</u>	<u>Rent income</u>	<u>Total revenues / Sales</u>
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

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NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Related party transactions: (Continued)

**1 January -
30 June 2014**

Purchases from related parties	<u>Goods and Service purchases</u>	<u>Fixed asset purchases</u>	<u>Rent Expense</u>	<u>Total expense/ Purchases</u>
Çelik Motor Ticaret A.Ş.	587	-	336.276	336.863
Anadolu Endüstri Holding A.Ş.	2.064.396	1.060	3.375	2.068.831
Itochu Corporation Tokyo	76.185.322	-	-	76.185.322
Isuzu Motors International Operation Thailand	47.364.947	-	-	47.364.947
Isuzu Motors Ltd. Tokyo	3.771.626	-	-	3.771.626
Isuzu Motors Ltd. Europe	6.743	-	-	6.743
Efestur Turizm İşletmeleri A.Ş.	1.766.866	-	-	1.766.866
Anadolu Bilişim Hizmetleri A.Ş.	900.530	1.016.605	-	1.917.135
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	4.528	-	-	4.528
Anadolu Sağlık Merkezi İktisadi İşletmesi	3.889	-	-	3.889
Anadolu Araçlar Ticaret A.Ş.	140	-	-	140
Total	132.069.574	1.017.665	339.651	133.426.890

**1 January -
30 June 2013**

Purchases from related parties	<u>Goods and Service purchases</u>	<u>Fixed asset purchases</u>	<u>Rent Expense</u>	<u>Total expense/ Purchases</u>
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

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NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

c) Donations to Anadolu Eğitim ve Sosyal Yardım Vakfı:

As per the Article No:19 of the Articles of Association of the Company, at least 2% - 5% of the Company'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. In this regard, the Group donated TRY500.000 to Anadolu Eğitim ve Sosyal Yardım Vakfı in the current period (2013: TRY800.000).

d) Key management compensation:

	<u>1 January 2014-</u> <u>30 June 2014</u>	<u>1 January 2013-</u> <u>30 June 2013</u>
Salaries and other short-term benefits	806.055	862.072
Total	806.055	862.072

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

NOTE 28 - 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 18).

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.

	<u>30 June 2014</u>	<u>31 December 2013</u>
Financial Liabilities	136.264.441	62.136.670
Total Shareholders' Equity	316.979.306	365.334.419
Debt/Total equity	0,43	0,17

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.

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NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

(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.

Sensitivity analysis of foreign exchange

30 June 2014

	<u>Profit/Loss</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
If US\$ appreciated/(depreciated) against TRY by 10%;		
1- USD currency net asset/liability	(364.392)	364.392
2- Hedged items (-)	-	-
3- Net effect of USD (1+2)	(364.392)	364.392
If EUR appreciated/(depreciated) against TRY by 10%;		
4- EUR currency net asset/liability	(374.259)	374.259
5- Hedged items (-)	-	-
6- Net effect of EUR(4+5)	(374.259)	374.259
If other foreign exchange rates appreciated/(depreciated) against TRY by 10%;		
7- Other foreign exchange rates currency net asset/liability	(9.640.700)	9.640.700
8- Hedged items (-)	-	-
9- Net effect of other foreign exchange rates (7+8)	(9.640.700)	9.640.700
TOTAL (3+6+9)	(10.379.351)	10.379.351

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NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

(d) Foreign exchange risk (Continued)

Sensitivity analysis of foreign exchange

31 December 2013

	<u>Profit/Loss</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
If US\$ appreciated/(depreciated) against TRY by 10%;		
1- USD currency net asset/liability	(809.726)	809.726
2- Hedged items (-)	-	-
3- Net effect of USD (1+2)	(809.726)	809.726
If EUR appreciated/(depreciated) against TRY by 10%;		
4- EUR currency net asset/liability	190.873	(190.873)
5- Hedged items (-)	-	-
6- Net effect of EUR(4+5)	190.873	(190.873)
If other foreign exchange rates appreciated/(depreciated) against TRY by 10%;		
7- Other foreign exchange rates currency net asset/liability	(7.467.865)	7.467.865
8- Hedged items (-)	-	-
9- Net effect of other foreign exchange rates (7+8)	(7.467.865)	7.467.865
TOTAL (3+6+9)	(8.086.718)	8.086.718

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

(d) Foreign exchange risk (Continued)

Foreign currency position table

	<u>30 June 2014</u>					<u>31 December 2013</u>				
	<u>TRY Amount</u>	<u>USD</u>	<u>EUR</u>	<u>JPY</u>	<u>Other</u>	<u>TRY Amount</u>	<u>USD</u>	<u>EUR</u>	<u>JPY</u>	<u>Other</u>
1. Trade receivables	21.686.605	1.481.216	6.411.491	-	-	29.159.169	1.838.870	8.593.383	-	-
2a. Monetary financial assets	12.236.092	592.454	1.852.890	268.757.942	1.184	14.244.465	1.629.370	2.246.633	205.833.631	1.550
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-	-	-
4. Total current assets (1+2+3)	33.922.697	2.073.670	8.264.381	268.757.942	1.184	43.403.634	3.468.240	10.840.016	205.833.631	1.550
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	1.813	854	-	-	-	1.823	854	-	-	-
8. Total non-current assets (5+6+7)	1.813	854	-	-	-	1.823	854	-	-	-
9. Total assets(4+8)	33.924.510	2.074.524	8.264.381	268.757.942	1.184	43.405.457	3.469.094	10.840.016	205.833.631	1.550
10. Trade payables	104.763.685	1.842.073	391.109	4.772.718.451	-	83.909.061	3.481.083	743.417	3.672.400.862	-
11. Financial liabilities	85.271	-	29.486	-	-	88.280	-	30.063	-	-
12a. Other monetary liabilities	4.003.389	853.100	757.950	-	-	2.205.336	6.156	746.534	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	108.852.345	2.695.173	1.178.545	4.772.718.451	-	86.202.677	3.487.239	1.520.014	3.672.400.862	-
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	28.919.000	-	10.000.000	-	-	29.365.000	-	10.000.000	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
17. Total non-current liabilities (14+15+16)	28.919.000	-	10.000.000	-	-	29.365.000	-	10.000.000	-	-
18. Total liabilities (13+17)	137.771.345	2.695.173	11.178.545	4.772.718.451	-	115.567.677	3.487.239	11.520.014	3.672.400.862	-
19. Off-balance sheet derivative instruments net position (19a-19b)	53.320	(1.095.427)	1.620.000	(110.344.000)	-	(8.704.960)	(3.775.725)	1.330.000	(225.000.000)	-
19a. Total Amount of Hedged Assets	5.903.436	287.868	1.830.000	-	-	3.905.545	-	1.330.000	-	-
19b. Total Amount of Hedged Liabilities	5.850.116	1.383.295	210.000	110.344.000	-	12.610.505	3.775.725	-	225.000.000	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	(103.793.515)	(1.716.076)	(1.294.164)	(4.614.304.509)	1.184	(80.867.180)	(3.793.870)	650.002	(3.691.567.231)	1.550
21. Monetary Items Net Foreign Exchange Asset / (liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(103.848.648)	(621.503)	(2.914.164)	(4.503.960.509)	1.184	(72.164.043)	(18.999)	(679.998)	(3.466.567.231)	1.550
22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge	-	-	-	-	-	-	-	-	-	-
23. The Amount of Hedged part of Foreign Exchange Assets	4.684.878	-	-	-	-	3.905.545	-	-	-	-
24. The Amount of Hedged part of Foreign Exchange Liabilities	(4.631.557)	-	-	-	-	(12.610.505)	-	-	-	-
25. Export	60.624.922	-	-	-	-	104.015.426	-	-	-	-
26. Import	147.782.256	-	-	-	-	271.731.225	-	-	-	-

NOTE 28 - 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 changes on interest-sensitive assets and liabilities. The financial liabilities and assets with fixed and variable rates are respectively shown at Note 6 and Note 4.

Interest rate position table

	<u>30 June 2014</u>	<u>31 December 2013</u>
Financial assets with fixed rates		
Financial assets	98.911.337	183.277.408
Financial liabilities	(59.082.186)	(59.538.281)
Financial liabilities with variable rates		
Financial liabilities	(32.008.444)	(55.012.396)

As of 30 June 2014 if the market interest rates were increased/decreased by 100 basis points where all other variables held constant, loss before taxes for the period would have been higher/lower by TRY320.084 (31 December 2013: TRY550.124 higher/lower).

(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 customers who have 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 customers, the Group's credit risk is dispersed and there is no important credit risk concentration. The receivables from foreign customers as of 30 June 2014 are TRY21.686.605 (31 December 2013: TRY29.159.169).

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NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

(g) Credit risk management (Continued)

30 June 2014	Receivables				Note	Deposits in Banks	Note
	Trade Receivables		Other Receivables				
	Related	Other	Related	Other			
Maximum credit risk exposed as of the date of reporting (A+B+C+D+E)	357.339	180.017.981	-	8.472.520		108.963.528	
- The part of maximum risk secured by guarantee etc.	-	180.017.981	-	-	7	-	
A. Net book value of financial assets which are undue or which is not impaired	357.339	162.221.106	-	8.472.520	7-8-25	108.963.528	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	-	17.796.875	-	-	-	-	
- Secured by guarantee and etc.	-	17.796.875	-	-		-	
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 2013	Receivables				Note	Deposits in Banks	Note
	Trade Receivables		Other Receivables				
	Related	Other	Related	Other			
Maximum credit risk exposed as of the date of reporting (A+B+C+D+E)	862.968	210.665.449	-	554.585		189.770.018	
- The part of maximum risk secured by guarantee etc.	-	210.665.449	-	-	7	-	
A. Net book value of financial assets which are undue or which is not impaired	862.968	201.358.449	-	554.585	7-8-25	189.770.018	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	-	9.307.000	-	-	-	-	
- Secured by guarantee and etc.	-	9.307.000	-	-		-	
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	-	-	-	-		-	

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NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

(g) Credit risk management (Continued)

The ageing of receivables that were past due but not impaired is as follows:

	Receivables		Deposits in banks	Derivative instruments	Other
	Trade receivables	Other receivables			
30 June 2014					
Within 1 month	16.017.188	-	-	-	-
Within 1-3 months	1.779.687	-	-	-	-
Within 3-12 months	-	-	-	-	-
Within 1-5 years	-	-	-	-	-
Over 5 years	-	-	-	-	-
Secured by guarantee and etc.	17.796.875	-	-	-	-

	Receivables		Deposits in banks	Derivative instruments	Other
	Trade receivables	Other receivables			
31 December 2013					
Within 1 month	8.376.300	-	-	-	-
Within 1-3 months	930.700	-	-	-	-
Within 3-12 months	-	-	-	-	-
Within 1-5 years	-	-	-	-	-
Over 5 years	-	-	-	-	-
Secured by guarantee and etc.	9.307.000	-	-	-	-

For impairment of receivables, the aging report and the management's evaluation on the collectability of receivable account balances has been taken into account.

(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.

Liquidity Risk Tables

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.

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NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

(h) Liquidity risk management (Continued)

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

30 June 2014

Non-derivative financial instruments

<u>Due to contractual dates:</u>	<u>Carrying value</u>	<u>Total contractual cash outflow</u>	<u>Up to 3 months</u>	<u>Between 3 and 12 months</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Bank borrowing	91.090.630	95.018.316	32.653.028	31.756.129	30.609.159	-
Corporate bonds issued	-	-	-	-	-	-
Financial Lease	-	-	-	-	-	-
Trade Payables	154.385.456	154.794.746	99.205.333	55.589.413	-	-
Other Liabilities	10.178.865	10.178.865	10.178.865	-	-	-
Non-derivative financial liabilities	255.654.951	259.991.927	142.037.226	87.345.542	30.609.159	-

Derivative financial liabilities

<u>Contractual maturities:</u>	<u>Carrying value</u>	<u>Total contractual cash outflow</u>	<u>Up to 3 months</u>	<u>Between 3 and 12 months</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Derivative cash inflow	5.850.115	5.850.115	5.850.115	-	-	-
Derivative cash outflow	(5.903.436)	(5.903.187)	(5.903.187)	-	-	-
Derivative financial liabilities	(53.321)	(53.072)	(53.072)	-	-	-

31 December 2013

Non-derivative financial instruments

<u>Due to contractual dates:</u>	<u>Carrying value</u>	<u>Total contractual cash outflow</u>	<u>Up to 3 months</u>	<u>Between 3 and 12 months</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Bank borrowing	114.550.677	120.331.656	55.656.979	33.066.123	31.608.554	-
Corporate bonds issued	-	-	-	-	-	-
Financial Lease	-	-	-	-	-	-
Trade Payables	137.418.786	137.915.285	79.479.863	58.435.422	-	-
Other Liabilities	6.329.131	6.329.131	6.329.131	-	-	-
Non-derivative financial liabilities	258.298.594	264.576.072	141.465.973	91.501.545	31.608.554	-

Derivative financial liabilities

<u>Contractual maturities:</u>	<u>Carrying value</u>	<u>Total contractual cash outflow</u>	<u>Up to 3 months</u>	<u>Between 3 and 12 months</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Derivative cash inflow	12.610.505	13.392.329	10.886.020	2.506.309	-	-
Derivative cash outflow	(12.622.795)	(12.676.565)	(10.092.445)	(2.584.120)	-	-
Derivative financial liabilities	(12.290)	715.764	793.575	(77.811)	-	-

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NOTE 29 - 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.

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 relevant 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.

30 June 2014	Level 1	Level 2	Level 3	Total
Asset	-	5.850.115	-	5.850.115
Liability	-	(5.903.187)	-	(5.903.187)
Net	-	(53.072)	-	(53.072)

31 December 2013	Level 1	Level 2	Level 3	Total
Asset	-	13.392.329	-	13.392.329
Liability	-	(12.676.565)	-	(12.676.565)
Net	-	715.764	-	715.764

The Group has a forward foreign currency purchase agreements (EUR1.030.000 in return for USD1.383.295, EUR800.000 in return for JPY110.344.000 and USD287.868 in return for EUR210.000) as of 30 June 2014. An expense accrual of TRY53.072 regarding this agreements is reflected in the financial statements.

The Group has a forward foreign currency purchase agreements (EUR1.330.000 in return for USD1.775.725, TRY4.526.250 in return for JPY225.000.000, TRY4.191.000 in return for USD2.000.000) as of 31 December 2013. An expense accrual of TRY715.764 regarding this agreements is reflected in the financial statements.

NOTE 30 - SUBSEQUENT EVENTS

None.