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 - 31 MARCH 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 - 31 MARCH 2014

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CONSOLIDATED BALANCE SHEETS
AT 31 MARCH 2014 AND 31 DECEMBER 2013
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	31 March 2014	31 December 2013
ASSETS			
Current assets		**585.588.561**	**554.838.527**
Cash and cash equivalents	**4**	190.140.845	189.832.793
Trade receivables			
- Due from related parties	**28**	230.699	862.968
- Due from other parties	**7**	167.706.994	209.593.481
Other receivables	**8**	179.535	552.576
Inventories	**9**	211.853.363	148.170.807
Prepaid expenses	**16**	867.843	288.556
Other current assets	**16**	14.609.282	5.537.346
Sub Total		**585.588.561**	**554.838.527**
Non-current assets		**95.615.732**	**93.170.312**
Financial assets	**5**	2.276	3.898
Trade receivables			
- Due from other parties	**7**	-	1.071.968
Other receivables	**8**	2.056	2.009
Property, plant and equipment	**10**	66.551.245	65.199.149
Intangible assets	**11**	26.718.119	24.551.268
Goodwill	**12**	2.340.995	2.340.995
Prepaid expenses	**16**	1.041	1.025
Total assets		**681.204.293**	**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 - 31 March 2014 have been approved for issue by the Board of Directors ("BOD") on 8 May 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 Sales and Marketing Director Ahmet Fatih TAMAY.

CONSOLIDATED BALANCE SHEETS
AT 31 MARCH 2014 AND 31 DECEMBER 2013
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	31 March 2014	31 December 2013
LIABILITIES			
Current liabilities		**263.955.072**	**238.584.165**
Financial liabilities	**6**	67.468.568	85.185.677
Trade payables			
- Due to related parties	**28**	129.755.141	83.558.259
- Due to other parties	**7**	47.835.736	53.860.527
Other payables			
- Due to related parties	**28**	9.109	9.109
- Due to other parties	**8**	6.429.060	6.320.022
Deferred revenues	**16**	792.839	789.076
Current income tax liabilities	**26**	1.249.539	823.708
Provisions			
Other provisions	**14**	10.415.080	8.037.787
Non-current liabilities		**43.878.616**	**44.090.255**
Financial liabilities	**6**	30.072.000	29.365.000
Deferred revenues	**16**	1.141.653	1.306.521
Provisions			
Provision for employment termination benefits	**15**	11.249.855	11.114.649
Deferred tax liabilities	**26**	1.415.108	2.304.085
EQUITY	**18**	**373.370.605**	**365.334.419**
Shareholders' equity		**373.370.605**	**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		223.665	453.176
Restricted reserves		14.744.014	14.744.014
Retained earnings		237.794.549	39.048.753
Income for the period		8.286.790	198.745.796
Non-controlling interests	**18**	**-**	**21.093**
Total liabilities and equity		**681.204.293**	**648.008.839**

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

CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 1 JANUARY - 31 MARCH 2014 AND 2013
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January - 31 March 2014	1 January - 31 March 2013
CONTINUING OPERATIONS			
Revenue	**19**	156.412.434	112.203.329
Cost of sales (-)	**19**	(125.570.158)	(92.199.593)
GROSS PROFIT		**30.842.276**	**20.003.736**
General administrative expenses (-)	**20**	(7.189.090)	(5.538.856)
Marketing, selling and distribution expenses (-)	**20**	(11.642.758)	(10.624.678)
Research and development expenses (-)	**20**	(787.534)	(337.176)
Other income	**22**	2.407.075	3.535.552
Other expenses (-)	**22**	(5.735.697)	(1.007.662)
OPERATING PROFIT		**7.894.272**	**6.030.916**
Income from investing activities	**23**	1.311	77.588
Expenses from investing activities (-)	**23**	(6.719)	-
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		**7.888.864**	**6.108.504**
Financial expenses (-)	**25**	(6.750.713)	(4.711.806)
Financial income	**24**	8.282.362	1.079.355
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**9.420.513**	**2.476.053**
Income tax (expense)/income from continuing operations		**(1.133.723)**	**99.043**
Taxes on income (-)	**26**	(1.965.322)	(35.062)
Deferred tax income	**26**	831.599	134.105
NET INCOME FROM CONTINUING OPERATIONS		**8.286.790**	**2.575.096**
NET INCOME FOR THE YEAR		**8.286.790**	**2.575.096**
Attributable to:	**18**	**8.286.790**	**2.575.096**
Non-controlling interests	**18**	-	613
Equity holders of the parent	**18**	8.286.790	2.574.483
Income per hundred shares	**27**	**0,3260**	**0,1013**

	1 January - 31 March 2014	1 January - 31 March 2013
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of provision for employment termination benefits	(286.889)	(11.597)
Tax effect of provision for employment termination benefits	57.378	2.319
OTHER COMPREHENSIVE INCOME (AFTER TAX)	(229.511)	(9.278)
Total comprehensive income attributable to:	**8.057.279**	**2.565.818**
Non-controlling interests	-	613
Equity holders of the parent	8.057.279	2.565.205

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

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE INTERIM PERIODS ENDED 31 MARCH 2014 AND 2013

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

	Notes	1 January - 31 March 2014	1 January - 31 March 2013
Operating activities:			
Net income	**18**	**8.286.790**	**2.574.483**
Adjustments to reconcile net cash generated:			
Depreciation	**10**	2.139.097	1.816.104
Amortisation	**11**	1.823.846	1.202.175
Provision for employee benefits	**15**	(151.683)	239.212
Income on taxes	**26**	(1.170.362)	(99.043)
Interest income	**24**	(5.164.097)	(692.073)
Interest expenses	**25**	2.345.046	3.144.888
Foreign exchange differences on borrowings		707.000	-
Other non-cash generating expenses ",net"		4.113.496	1.117.322
Gain on sales of property, plant and equipment	**23**	(6.719)	(77.588)
Net operating income before changes in assets and liabilities:		**12.922.414**	**9.225.480**
Changes in assets and liabilities:			
Net decrease in trade receivables		40.531.985	48.291.271
Net increase in inventories	**9**	(63.682.556)	(31.419.518)
Net increase in other current assets	**8-16**	(9.278.182)	(719.040)
Net decrease/(increase) in other non-current assets		1.056.319	(48.162)
Net increase/(decrease) in trade payables	**7-28**	40.035.846	(4.512.985)
Net increase/(decrease) in other liabilities		2.435.070	(518.990)
Taxes paid	**26**	(715.783)	(46.038)
Employment termination benefits paid	**15**	(641.040)	(402.484)
Cash flows generated from operating activities:		**22.664.073**	**19.849.534**
Investing activities:			
Proceeds from sales of property, plant and equipment		200.900	144.160
Purchase of property, plant and equipment	**10**	(3.668.166)	(1.068.251)
Purchase of intangible assets	**11**	(3.990.697)	(2.455.826)
Cash flows used in investing activities:		**(7.457.963)**	**(3.379.917)**
Financing activities:			
Dividend payments		-	-
Interests received		4.767.743	618.799
Interests paid		(2.062.155)	(1.341.968)
Proceeds from borrowings		37.000.000	200.000
Repayments of borrowings		(55.000.000)	(6.000.000)
Net cash used in financing activities:		**(15.294.412)**	**(6.523.169)**
Net (decrease)/increase in cash and cash equivalents		**(88.302)**	**9.946.448**
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**	**189.270.681**	**27.320.561**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIODS ENDED 31 MARCH 2014 AND 2013

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

					Other comprehensive (income)/expenses not to be reclassified to statement of income		Retained earings				
Previous period	**Notes**	**Paid in capital**	**Adjustment to capital**	**Total paid in share capital**	**Gain/(loss) on revaluation and reclassification**	**Restricted reserves**	**Retained earnings**	**Income for the period**	**Shareholders' equity attributable to equity holders of the Group**	**Non-controlling interests**	**Total shareholders' equity**
As of 1 January 2013	**18**	**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		-	-	-	-	-	-	2.574.483	**2.574.483**	613	**2.575.096**
Other comprehensive income		-	-	-	(9.278)	-	-	-	**(9.278)**	-	**(9.278)**
Total comprehensive income		-	-	-	**(9.278)**	-	-	**2.574.483**	**2.565.205**	**613**	**2.565.818**
Transfers		-	-	-	-	-	1.338.984	(1.338.984)	-	-	-
As of 31 March 2013	**18**	**25.419.707**	**86.901.880**	**112.321.587**	**(79.761)**	**14.693.894**	**39.101.873**	**2.574.483**	**168.612.076**	**19.411**	**168.631.487**
Current period											
As of 1 January 2014	**18**	**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		-	-	-	-	-	-	8.286.790	**8.286.790**	-	**8.286.790**
Other comprehensive income		-	-	-	**(229.511)**	-	-	-	**(229.511)**	-	**(229.511)**
Total comprehensive income		-	-	-	**(229.511)**	-	-	**8.286.790**	**8.057.279**	-	**8.057.279**
Transfers		-	-	-	-	-	198.745.796	(198.745.796)	-	-	-
Transactions with non-controlling interests		-	-	-	-	-	-	-	-	**(21.093)**	**(21.093)**
As of 31 March 2014	**18**	**25.419.707**	**86.901.880**	**112.321.587**	**223.665**	**14.744.014**	**237.794.549**	**8.286.790**	**373.370.605**	-	**373.370.605**

(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 Istanbul 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 31 March 2014 is 731 (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, Istanbul.

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

Subsidiaries	**Nature of business**	**Capital**	**31 March 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	100,00	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.

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.

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.

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

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

2.1 Basis of presentation (Continued)

2.1.2 Consolidation principles

(a) Subsidiaries

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

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

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

	Proportion of effective interest (%)		**Direct and indirect ownership interest held by Company**	
Subsidiaries	**31 March 2014**	**31 December 2013**	**31 March 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.	100.00	97.00	100.00	97.00

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

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

(c) Non-controlling interest

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

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) Standards, amendments and interpretations which are effective from 1 January 2013, have material effect over the consolidated financial statements and were adopted by the Group:

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

- Amendment to TAS 19, 'Employee benefits'; is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.

- Amendment to TFRS 1, 'First time adoption', on government loans; ; is effective for annual periods beginning on or after 1 January 2013. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to TFRS. It also adds an exception to the retrospective application of TFRS, which provides the same relief to first-time adopters granted to existing preparers of TFRS financial statements when the requirement was incorporated into TAS 20 in 2008.

- Amendment to TFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting¸; is effective for annual periods beginning on or after 1 January 2013. This amendment includes new disclosures to facilitate comparison between those entities that prepare TFRS financial statements to those that prepare financial statements in accordance with US GAAP.

- Amendment to TFRSs 10, 11 and 12 on transition guidance; is effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to TFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before TFRS 12 is first applied.

- Annual improvements 2011; is effective for annual periods beginning on or after 1 January 2013. These annual improvements address six issues in the 2009-2011 reporting cycle. It includes changes to:

    - TFRS 1, 'First time adoption'
    - TAS 1, 'Financial statement presentation'
    - TAS 16, 'Property plant and equipment'
    - TAS 32, 'Financial instruments; Presentation'
    - TAS 34, 'Interim financial reporting'

- TFRS 10, 'Consolidated financial statements'; is effective for annual periods beginning on or after 1 January 2013. The objective of TFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

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

2.1 Basis of presentation (Continued)

2.1.5 Amendments in International Financial Reporting Standards (Continued)

a) Standards, amendments and interpretations which are effective from 1 January 2013, have material effect over the consolidated financial statements and were adopted by the Group: (Continued)

- TFRS 13, 'Fair value measurement'; is effective for annual periods beginning on or after 1 January 2013. TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. The requirements, which are largely aligned between TFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within TFRSs or US GAAP.

- TAS 27 (revised 2011), 'Separate financial statements'; is effective for annual periods beginning on or after 1 January 2013. TAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of TAS 27 have been included in the new TFRS 10.

- TAS 28 (revised 2011), 'Associates and joint ventures'; is effective for annual periods beginning on or after 1 January 2013. TAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of TFRS 11.

- TFRIC 20, 'Stripping costs in the production phase of a surface mine' is effective for annual periods beginning on or after 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under TFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.

b) The changes below do not have any significant impact on the financial statements at 31 December 2013

- Amendment to TAS 32, 'Financial instruments: Presentation', on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014.These amendments are to the application guidance in TAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- Amendments to TFRS 10, 12 and TAS 27 on consolidation for investment entities are 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. Changes have also been made TFRS 12 to introduce disclosures that an investment entity needs to make.

- Amendment to TAS 36, '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.

- Amendment to TAS 39 '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.

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 changes below do not have any significant impact on the financial statements at 31 December 2013 (Continued)

- TFRIC 21, '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.

- TFRS 9 'Financial instruments' - classification and measurement; is effective for annual periods beginning on or after 1 January 2015. 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.

- Amendments to TFRS 9, 'Financial instruments', regarding general hedge. 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.

- Amendment to TAS 19 regarding 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 2010-2012 cycle of the annual improvements project, that affect 7 standards:

    - TFRS 2, 'Share-based payment'
    - TFRS 3, 'Business Combinations'
    - TFRS 8, 'Operating segments'
    - TFRS 13, 'Fair value measurement'
    - TAS 16, 'Property, plant and equipment' and TAS 38,'Intangible assets'
    - Consequential amendments to TFRS 9, 'Financial instruments', TAS 37, 'Provisions, contingent liabilities and contingent assets', and
    - TAS 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 changes below do not have any significant impact on the financial statements at 31 December 2013 (Continued)

- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from the 2011-2013 cycle of the annual improvements project that affect 4 standards:

  - TFRS 1, 'First time adoption'
  - TFRS 3, 'Business combinations'
  - TFRS 13, 'Fair value measurement' and
  - TAS 40, 'Investment property'.

The Group management does not expect the aforementioned standards to have material impact on the consolidated financial statements.

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

2.2 Summary of Significant Accounting Policies

2.2.1 Cash and cash equivalents

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

2.2.2 Trade receivables and valuation allowance

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

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

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

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

2.2.3 Inventories

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

2.2.4 Assets held for sale

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.5 Property, plant and equipment

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.

2.2.6 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.

2.2.7 Goodwill and related amortisation

In consolidated financial statements, if goodwill and negative goodwill which are resulted from the difference of purchase price and fair value of net assets of the acquired share of the affiliate are realised from the purchases before 31 March 2004, they are amortised by using the capitalised and normal amortisation method over its useful life until end of 31 December 2004. Within the framework of 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.

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.8 Impairment of assets

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

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

2.2.9 Loans and borrowing costs

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

2.2.10 Taxes on income

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

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

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

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

2.2.11 Provision for employee benefits

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

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.12 Provisions

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

2.2.13 Research and development expenses

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

Group calculates deferred tax income in consolidated financial statements for the balances subjected to R&D deductions (Note 20).

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

2.2.14 Warranty provision expenses

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

2.2.15 Related parties

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

2.2.16 Foreign currency transactions

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

2.2.17 Income per share

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.18 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.

2.2.19 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).

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.19 Reporting of cash flows (Continued)

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.

2.2.20 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.

2.2.21 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.

2.2.22 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.

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.

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.23 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 31 March 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.

2.2.24 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.

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

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 March 2014	31 December 2013
Cash	26.450	62.775
Banks - Demand deposits	5.807.535	6.492.610
Banks - Time deposits (up to 3 months)	184.002.420	183.277.408
Other cash and cash equivalents	304.440	-
Total	**190.140.845**	**189.832.793**

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

Cash and cash equivalents presented in the consolidated cash flow statements as of 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Cash and banks	190.140.845	189.832.793
Less: Interest accruals	(870.164)	(473.810)
Total (Excluding interest accruals)	**189.270.681**	**189.358.983**

The details of time deposits are as follows:

	31 March 2014		31 December 2013	
	Amount in TRY	Annual Interest Rate (%)	Amount in TRY	Annual Interest Rate (%)
TRY	154.214.537	5,75-9,81	176.164.120	5,75-9,81
USD	14.032.800	0,10-3,25	3.398.368	0,10-3,25
EUR	15.755.083	1,60-2,75	3.714.920	1,60-2,75
Total	**184.002.420**		**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 31 March 2014, time and demand deposits amounting to TRY5.939.181 are at Alternatifbank A.Ş., a related party of the Group (31 December 2013: TRY3.855.518).

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

NOTE 5 - FINANCIAL ASSETS

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

	31 March 2014		31 December 2013	
Entities	**Share Amount**	**Share Ratio (%)**	**Share Amount**	**Share Ratio (%)**
Efestur A.Ş.	-	-	1.621	2,50
Anadolu Otomotiv Dış Ticaret A.Ş.	2.276	2,00	2.277	2,00
Total available-for-sale financial assets	**2.276**		**3.898**	

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

NOTE 6 - FINANCIAL LIABILITIES

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

Short Term Financial Liabilities

	Effective Interest Rate %		Original Currency		Amount in TRY	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Short-term Bank Loans						
TRY	10,57	8,66	67.000.000	85.000.000	67.468.568	85.185.677
Total					**67.468.568**	**85.185.677**

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

Period	31 March 2014	31 December 2013
Up to 1 month	37.012.590	55.012.396
Total	**37.012.590**	**55.012.396**

Long Term Financial Liabilities

	Effective Interest Rate %		Original Currency		Amount in TRY	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Long-term Bank Loans						
EUR	3,73	3,73	10.000.000	10.000.000	30.072.000	29.365.000
Total					**30.072.000**	**29.365.000**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables at period ends are as follows:

Short-term trade receivables	**31 March 2014**	**31 December 2013**
Trade Receivables, net	167.631.702	209.496.214
Cheques Recevied, net	75.292	97.267
Doubtful Receivables	333.324	333.324
Less: Provision for doubtful receivables	(333.324)	(333.324)
Total	**167.706.994**	**209.593.481**

Movements of provision for doubtful receivables are as follows:

	31 March 2014	**31 December 2013**
Opening balance	**333.324**	**333.324**
Provisions for the period	-	-
Collections during the period	-	-
Ending balance	**333.324**	**333.324**

Long-term trade receivables	**31 March 2014**	**31 December 2013**
Export-registered VAT receivables	-	1.071.968
Total	**-**	**1.071.968**

Trade payables as of period ends are as follows:

Trade Payables	**31 March 2014**	**31 December 2013**
Trade payables, net	47.835.736	53.860.527
Total	**47.835.736**	**53.860.527**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other Short-term Receivables (Other receivables)	**31 March 2014**	**31 December 2013**
Receivables from government authorities	76.823	344.433
Receivables from personnel	101.445	206.876
Deposits and guarantees given	1.267	1.267
Total	**179.535**	**552.576**

Other Long-term Receivables (Other receivables)	**31 March 2014**	**31 December 2013**
Deposits and guarantees given	2.056	2.009
Total	**2.056**	**2.009**

Other Short-term Payables (Other payables)	**31 March 2014**	**31 December 2013**
Due to personnel	759.101	634.271
Order advances received	3.236.759	2.225.337
Taxes and funds payable	1.271.233	2.258.753
Social security premiums payable	1.158.321	1.200.511
Taxes to be deducted	1.571	206
Other miscellaneous payables	2.075	944
Total	**6.429.060**	**6.320.022**

NOTE 9 - INVENTORIES

Inventory balances as of period ends are as follows:

	31 March 2014	**31 December 2013**
Raw materials	76.247.333	48.575.705
Semi-finished goods	1.186.123	1.117.508
Finished goods	31.435.827	17.259.901
Trade goods	33.744.373	38.807.670
Other inventories	8.827.484	6.852.175
Advances given for import and domestic purchases	63.628.530	37.367.017
	215.069.670	**149.979.976**
Less: Provisions for impairment of finished goods and trade goods	(3.216.307)	(1.809.169)
Total Inventories	**211.853.363**	**148.170.807**

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

NOTE 9 - INVENTORIES (Continued)

Movements of Provision for Impairment on Inventories	31 March 2014	31 December 2013
Opening balance	1.809.169	1.242.014
Less: Provision released due to the net realizable value	(367.112)	(1.242.014)
Current period charge	1.774.250	1.809.169
Ending balance	**3.216.307**	**1.809.169**

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Cost	**Land**	**Land improvements**	**Buildings**	**Machinery and equipment**	**Motor vehicles**	**Furniture and fixtures**	**Other tangible assets**	**Constructions in progress and advances given**	**Total**
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	-	-	8.140	1.594.004	92.057	220.243	3.058	1.750.664	**3.668.166**
Disposals	-	-	-	-	(227.620)	-	(20.209)	-	**(247.829)**
As of 31 March 2014	**1.292.239**	**7.592.013**	**60.313.089**	**156.291.312**	**6.782.482**	**2.941.779**	**742.690**	**4.056.839**	**240.012.443**
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	**-**	(29.327)	(525.921)	(1.344.967)	(224.153)	(14.001)	(728)	**-**	**(2.139.097)**
Disposals	**-**	-	-	-	50.647	-	20.209	**-**	**70.856**
As of 31 March 2014	**-**	**(6.786.203)**	**(34.007.220)**	**(125.763.544)**	**(3.710.698)**	**(2.461.438)**	**(732.095)**	**-**	**(173.461.198)**
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 31 March 2014	**1.292.239**	**805.810**	**26.305.869**	**30.527.768**	**3.071.784**	**480.341**	**10.595**	**4.056.839**	**66.551.245**

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost	**Land**	**Land improvements**	**Buildings**	**Machinery and equipment**	**Motor vehicles**	**Furniture and fixtures**	**Other tangible assets**	**Constructions in progress and advances given**	**Total**
As of 1 January 2013	**1.408.463**	**7.579.676**	**56.326.245**	**146.687.932**	**4.661.303**	**2.783.577**	**756.239**	**-**	**220.203.435**
Additions			6.500	854.559	175.043	8.710		23.439	**1.068.251**
Disposals				(10.157)	(121.570)				**(131.727)**
As of 31 March 2013	**1.408.463**	**7.579.676**	**56.332.745**	**147.532.334**	**4.714.776**	**2.792.287**	**756.239**	**23.439**	**221.139.959**
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		(29.073)	(501.895)	(1.124.619)	(147.447)	(12.937)	(133)		**(1.816.104)**
Disposals				10.157	76.988				**87.145**
As of 31 March 2013	**-**	**(6.669.498)**	**(31.970.476)**	**(120.885.096)**	**(3.021.931)**	**(2.640.952)**	**(749.828)**	**-**	**(165.937.781)**
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 31 March 2013	**1.408.463**	**910.178**	**24.362.269**	**26.647.238**	**1.692.845**	**151.335**	**6.411**	**23.439**	**55.202.178**

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

NOTE 11 - INTANGIBLE ASSETS

1 January -
31 March 2014

Cost	Rights	Development costs	Other intangible assets	Constructions in progress and advances given	Total
As of 1 January 2014	**158.662**	**31.657.489**	**5.918.450**	**1.595.048**	**39.329.649**
Additions	-	-	419.945	3.570.752	**3.990.697**
As of 31 March 2014	**158.662**	**31.657.489**	**6.338.395**	**5.165.800**	**43.320.346**
Accumulated amortisation					
As of 1 January 2014	**(34.696)**	**(12.172.646)**	**(2.571.039)**	**-**	**(14.778.381)**
Current year amortisation	(3.036)	(1.456.837)	(363.973)	-	**(1.823.846)**
As of 31 March 2014	**(37.732)**	**(13.629.483)**	**(2.935.012)**	**-**	**(16.602.227)**
Net Book Value					
As of 1 January 2014	**123.966**	**19.484.843**	**3.347.411**	**1.595.048**	**24.551.268**
As of 31 March 2014	**120.930**	**18.028.006**	**3.403.383**	**5.165.800**	**26.718.119**

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

NOTE 11 - INTANGIBLE ASSETS (Continued)

1 January -
31 March 2013

Cost	Rights	Development costs	Other intangible assets	Constructions in progress and advances given	Total
As of 1 January 2013	**113.154**	**21.098.848**	**3.492.687**	**2.783.062**	**27.487.751**
Additions			16.393	2.439.433	**2.455.826**
As of 31 March 2013	**113.154**	**21.098.848**	**3.509.080**	**5.222.495**	**29.943.577**
Accumulated amortisation					
As of 1 January 2013	**(25.589)**	**(7.818.912)**	**(1.856.270)**	**-**	**(9.700.771)**
Current year amortisation	(1.899)	(1.054.942)	(145.334)		**(1.202.175)**
As of 31 March 2013	**(27.488)**	**(8.873.854)**	**(2.001.604)**	**-**	**(10.902.946)**
Net Book Value					
As of 1 January 2013	**87.565**	**13.279.936**	**1.636.417**	**2.783.062**	**17.786.980**
As of 31 March 2013	**85.666**	**12.224.994**	**1.507.476**	**5.222.495**	**19.040.631**

NOTE 12 - GOODWILL

31 March 2014

	Net Book Value
As of 1 January 2014	**2.340.995**
Additions	-
Provision for impairment	-
As of 31 March 2014	**2.340.995**

31 March 2013

	Net Book Value
As of 1 January 2013	**2.340.995**
Additions	-
Provision for impairment	-
As of 31 March 2013	**2.340.995**

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

NOTE 12 - GOODWILL (Continued)

Goodwill test for impairment

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

The recoverable value of the relevant cash generating unit has been determined based on the usage calculations. In these calculations, five-year cash flow estimations have been taken as basic since they have been approved by the management and they also reflect the management's expectations and predictions about the future development of the company better. Five-year discount rate used in future cash flow estimations has been determined as 15.2% in the calculation model of the fair value.

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

No impairment has been determined as a result of the analyses carried out by the Group as of 31 March 2014.

NOTE 13 - GOVERNMENT GRANTS

In the first three-month period of 2014, there is no cash support amount related to R&D activities provided by TUBITAK. 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 three months of 2014, there was R&D deduction corresponding to TRY3.389.761. 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 TRY12.839.908 spent as of 31 March 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)	**31 March 2014**	**31 December 2013**
Warranty provisions	7.476.552	7.226.702
Provision for lawsuits	521.432	520.099
Provision for employee benefits	651.235	290.986
Provision for commision and premium	1.008.375	-
Provision for derivative instruments	330.291	-
Provision for licance	427.195	-
Total	**10.415.080**	**8.037.787**

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

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

Movements of provisions during the period are as follows:

	Warranty provisions	Provision for lawsuits	Provision for employee benefits	Provision for derivative instruments	Provision for commision and premium	Provision for licance	Total
As of 1 January 2014	7.226.702	520.099	290.986	-	-	-	**8.037.787**
Additions during the period	1.958.286	15.961	651.235	330.291	1.008.375	427.195	**4.391.343**
Paid during the period (-)	(1.708.436)		(290.986)	-		-	**(1.999.422)**
Cancellation of provision (-)	-	(14.628)	-		-	-	**(14.628)**
As of 31 March 2014	**7.476.552**	**521.432**	**651.235**	**330.291**	**1.008.375**	**427.195**	**10.415.080**

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 31 March 2014, is TRY521.432 (31 December 2013: TRY520.099).

Mortgages and Guarantees on Assets;

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

Total Insurance Coverage on Assets;

Total insurance coverage on assets as of 31 March 2014 is TRY381.056.437 (31 December 2013: TRY436.930.333).

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

Type	**31 March 2014**	**31 December 2013**
Guarantee letters given	15.879.157	15.814.739
Total	**15.879.157**	**15.814.739**

The Group's guarantee/pledge/mortgage ("GPM") positions as of 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	**31 December 2013**
A. Total amount of GPM given on behalf of the Group	**15.879.157**	**15.814.739**
i. Letters of guarantee	15.879.157	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	**15.879.157**	**15.814.739**

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

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

The ratio of total amount of other GPM given on behalf of the Group to the Group's shareholders' equity as of 31 March 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

	31 March 2014	31 December 2013
Provision for employee benefits	**11.249.855**	**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.

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 31 March 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.

	31 March 2014	31 December 2013
Discount rate (%)	3,94	3,94
Turnover rate to estimate the probability of retirement (%)	2,46	2,26

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:

	31 March 2014	31 December 2013
Opening	**11.114.649**	**11.000.574**
Interest cost	286.309	1.131.471
Remasurement differences	286.889	(566.470)
Paid during the period	(641.040)	(1.221.605)
Current period service cost	203.048	770.679
Ending	**11.249.855**	**11.114.649**

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

NOTE 16 - OTHER ASSETS AND LIABILITIES

Prepaid Expenses	**31 March 2014**	**31 December 2013**
Prepaid insurance expenses	792.121	186.092
Prepaid subscription expenses	13.440	14.835
Prepaid advertisement expenses	36.164	14.684
Prepaid other expenses	26.118	72.945
Total	**867.843**	**288.556**

Other current assets

	31 March 2014	**31 December 2013**
Carried Forward Value Added Tax ("VAT")	14.268.242	4.636.118
Provision for derivative transaction income (Note 29)	-	715.764
Job advances	52.798	-
Other	288.242	185.464
Total	**14.609.282**	**5.537.346**

Prepaid Expenses	**31 March 2014**	**31 December 2013**
Long-term prepaid other expenses	1.041	1.025
Total	**1.041**	**1.025**

Deferred income (short term)	**31 March 2014**	**31 December 2013**
Short-term deferred income(*)	792.839	789.076
Total	**792.839**	**789.076**

(*) Subsidies obtained in relation to R&D activities, is going to be recognised in statements of comprehensive income in 2014 corresponds to TRY756.675 (31 December 2013: TRY789.076).

Deferred income (long term)	**31 March 2014**	**31 December 2013**
Long-term deferred income(*)	1.141.653	1.306.521
Total	**1.141.653**	**1.306.521**

(*) Subsidies obtained in relation to R&D activities, is going to be recognised in statements of comprehensive income in 2014 corresponds to TRY1.141.653 (31 December 2013: TRY1.306.521).

NOTE 17 - ASSETS HELD FOR SALE

As of 31 March 2014 and 31 December 2013, Group does not have assets hed for sale.

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

NOTE 18 - EQUITY

Non-controlling Interests

	31 March 2014	31 December 2013
Non-controlling shares	-	21.093
Total	**-**	**21.093**

	1 January 2014- 31 March 2014	1 January 2013- 31 March 2013
Non-controlling shares' income	-	613
Total	**-**	**613**

Capital

As of 31 March 2013, the share capital of the Company is TRY25.419.707. This share capital is divided into 2.541.970.654 shares in total, including 1.366.404.402 A Group registered shares, 755.995.500 B Group registered shares, 419.570.752 C Group bearer's shares, each with nominal value of 1 (one) Kr. The distribution of share capital on the basis of share groups is as follows:

31 March 2014

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

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

NOTE 18 - EQUITY (Continued)

31 March 2013

NAME	GROUP A	GROUP B	GROUP C	SHARE AMOUNT	SHARE %
YAZICILAR HOLDİNG A.Ş.	9.073.187	-	4.478	9.077.665	**35,71**
ÖZİLHAN SINAİ YATIRIM A.Ş.	4.269.734	-	2.108	4.271.842	**16,81**
ANADOLU ENDÜSTRİ HOLDİNG A.Ş.	223.748	-	38.835	262.583	**1,03**
ISUZU MOTORS LTD.	-	4.319.991	-	4.319.991	**16,99**
ITOCHU CORPORATION	-	3.239.964	-	3.239.964	**12,75**
BEARER TO SHARES PUBLICLY OWNED	-	-	3.811.860	3.811.860	**15,00**
BEARER SHARES	97.375	-	338.427	435.802	**1,71**
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. The number of the members of the Board of Directors changed eleven to fourteen by changing the articles of associate by the meeting of the general assembly in 14 May 2012.

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 independend Board of Directors members from the candidates nominated by the General Assembly.

31 March 2014

Paid-in share capital	25.419.707
Adjustment to share capital	86.901.880
Restricted reserves	14.744.014
Retained earnings	237.794.549
Gain on revaluation and reclassification	223.665
Net profit for the year	8.286.790
Shareholders' equity attributable to equity holders of the parent	**373.370.605**
Non-controlling shares	**-**
Total shareholders' equity	**373.370.605**

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**

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

NOTE 18 - EQUITY (Continued)

Restricted reserves

Restricted reserves are comprised of legal reserves and other reserves.

	31 March 2014	31 December 2013
Legal reserves	13.294.623	13.294.623
Profit reserves from sale of affiliates	1.449.390	1.449.390
Profit on cancelled shares certificates	1	1
Total	**14.744.014**	**14.744.014**

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 31 March 2014, the Group's total restricted reserves are TRY14.744.014 (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:

	31 March 2014	31 December 2013
Extraordinary reserves	9.380.808	9.380.808
Inflation difference of extraordinary reserves	3.300.229	3.300.229
Inflation difference of legal reserves	25.081.046	25.081.046
Inflation difference of cancelled shares certificates	806	806
Retained earnings	200.031.660	1.285.864
Total	**237.794.549**	**39.048.753**

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.

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

NOTE 18 - EQUITY (Continued)

In the financial statements prepared according to the standards of the CMB, the Group's retained profits amounted to TRY237.794.549.

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

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

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

NOTE 19 - SALES AND COST OF SALES

Sales	**1 January 2014-31 March 2014**	**1 January 2013-31 March 2013**
Domestic sales	135.259.684	94.741.119
Foreign sales	37.899.648	25.610.461
Other sales	1.537.310	1.203.608
Income from sales (Gross)	**174.696.642**	**121.555.188**
Less: Discounts	(18.284.208)	(9.351.859)
Income from sales (Net)	**156.412.434**	**112.203.329**
Cost of sales	**(125.570.158)**	**(92.199.593)**
Gross operating profit/loss	**30.842.276**	**20.003.736**

Cost of sales are summarised as follows:

Cost of Sales	**1 January 2014-31 March 2014**	**1 January 2013-31 March 2013**
Direct raw material costs	100.728.030	81.529.382
Direct labor costs	6.562.436	4.601.254
Depreciation and amortisation expenses	2.899.754	2.440.589
Manufacturing overhead costs	2.498.857	1.991.632
Total cost of production	**112.689.077**	**90.562.857**
Change in semi-finished goods and finished goods inventory	(11.844.031)	(23.154.848)
Cost of trade goods sold	24.524.626	24.557.714
Other cost of sales	200.486	233.870
Total cost of sales	**125.570.158**	**92.199.593**

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

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

a) Research and development expenses	**1 January 2014- 31 March 2014**	**1 January 2013- 31 March 2013**
Personnel expenses	(238.635)	(128.443)
Project costs	(177.819)	(55.168)
Depreciation and amortisation expenses	(24.633)	(12.455)
Other	(346.447)	(141.110)
Total Research and Development Expenses	**(787.534)**	**(337.176)**

b) Marketing, selling and distribution expenses		
Domestic sales expenses	(1.485.193)	(1.244.270)
Export expenses	(2.200.737)	(2.015.593)
Personnel expenses	(1.930.152)	(1.680.757)
Advertising expenses	(497.736)	(686.355)
Warranty expenses	(1.958.286)	(2.445.835)
Depreciation and amortisation expenses	(364.507)	(186.917)
Other	(3.206.147)	(2.364.952)
Total Marketing, Selling and Distribution Expenses	**(11.642.758)**	**(10.624.678)**

c) General and administrative expenses		
Personnel expenses	(2.509.055)	(3.134.433)
Provision for employee termination benefits	(260.627)	598.852
Service and work expenses	(2.928.381)	(1.965.693)
Depreciation and amortisation expenses	(231.830)	(178.631)
Insurance expenses	(281.125)	(272.617)
Other	(978.071)	(586.334)
Total General and Administrative Expenses	**(7.189.090)**	**(5.538.856)**

NOTE 21 - EXPENSES BY NATURE

	1 January 2014- 31 March 2014	**1 January 2013- 31 March 2013**
Direct material costs	100.728.030	81.529.382
Cost of trade goods sold	24.524.626	24.557.714
Cost of other goods sold	200.485	233.870
Change in goods inventory	(11.844.031)	(23.154.848)
Other operational expenses	14.059.942	11.777.926
Personnel expenses	11.500.905	8.946.035
Depreciation and amortisation expenses	3.520.724	2.818.592
Other production expenses	2.498.859	1.991.632
Total expenses	**145.189.540**	**108.700.303**

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

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

NOTE 22 - OTHER OPERATING INCOME/EXPENSES

Other operating income:	**1 January 2014- 31 March 2014**	**1 January 2013- 31 March 2013**
Foreign exchange gains on trade activities	136.233	1.775.742
Rediscount income on trade payables	1.951.851	1.041.994
Rent income	22.336	459.930
Tubitak R&D incentive	197.269	147.584
Export support	-	88.836
R&D support	-	1.350
Other	99.386	20.116
Total	**2.407.075**	**3.535.552**

Other operating expense:		
Foreign exchange loss on trade activities	(3.026.738)	(128.598)
Rediscount expenses on trade receivables	(2.483.270)	(840.245)
Donations	(202.500)	(22.525)
Other	(23.189)	(16.294)
Total	**(5.735.697)**	**(1.007.662)**

NOTE 23 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	**1 January 2014- 31 March 2014**	**1 January 2013- 31 March 2013**
Gain on sales of subsidiary share	1.311	-
Gain on sales of machinery and equipment	-	77.588
Total	**1.311**	**77.588**

Expenses from investing activities	**1 January 2014- 31 March 2014**	**1 January 2013- 31 March 2013**
Loss on sale of machinery and equipment	(6.719)	-
Total	**(6.719)**	**-**

NOTE 24 - FINANCIAL INCOME

Financial income:	**1 January 2014- 31 March 2014**	**1 January 2013- 31 March 2013**
Interest income	4.756.416	273.013
Credit finance income	407.680	419.060
Foreign exchange gains	3.118.266	387.282
Total	**8.282.362**	**1.079.355**

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

NOTE 25 - FINANCIAL EXPENSES

Financial expenses:	**1 January 2014- 31 March 2014**	**1 January 2013- 31 March 2013**
Interest expenses	(2.345.046)	(3.144.888)
Foreign exchange losses	(3.777.549)	(1.190.067)
Rediscount expenses	(294.904)	(202.878)
Other financial expenses	(333.214)	(173.973)
Total	**(6.750.713)**	**(4.711.806)**

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

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

Account name	**1 January 2014- 31 March 2014**	**1 January 2013- 31 March 2013**
Corporate tax provision	(1.965.322)	(35.062)
Deferred tax income	831.599	134.105
Total tax (expense)/income (income statement)	**(1.133.723)**	**99.043**
Total tax income (comprehensive income statement)	57.378	2.319
Total tax (expense)/income	**(1.076.345)**	**101.362**

	31 March 2014	**31 December 2013**
Current period corporate tax provision	1.965.322	2.238.324
Prepaid taxes	(715.783)	(1.414.616)
Taxes Payable	**1.249.539**	**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.

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

NOTE 26 - 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.

	31 March 2014		31 December 2013	
	Cumulative Temporary Differences	Deferred Tax Assets/(Liabilities)	Cumulative Temporary Differences	Deferred Tax Assets/(Liabilities)
Inventories	2.090.096	418.019	1.738.656	347.731
Property, plant and equipment (Net)	(31.695.244)	(6.339.049)	(32.661.674)	(6.532.335)
Provision for employment benefits	11.249.855	2.249.971	11.114.649	2.222.930
Warranty provisions	7.476.552	1.495.310	7.226.702	1.445.340
Other (Net)	3.803.204	760.641	1.061.244	212.249
Total Deferred Tax (Liabilities)/Assets, net		**(1.415.108)**		**(2.304.085)**

Movements of deferred income tax:	**1 January 2014-31 March 2014**	**1 January 2013-31 March 2013**
Opening	(2.304.085)	7.736.310
Deferred tax income /(loss) (income statement)	831.599	(9.909.480)
Deferred tax income/(loss) (comprehensive income statement)	57.378	(130.915)
Deferred Tax	**(1.415.108)**	**(2.304.085)**

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

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

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

Reconciliation of tax provision:	**1 January 2014- 31 March 2014**	**1 January 2013- 31 March 2013**
Income from continuing operations	**9.422.392**	**2.476.053**
Corporate tax rate 20%	(1.884.478)	(495.211)
Taxation effect:		
- R&D deductions	677.952	572.501
- Income on R&D subsidies	39.454	29.517
- Non-deductible expenses for tax purposes	(1.945)	(7.764)
- Other	35.294	-
(Loss)/income tax provision on statements of income	**(1.133.723)**	**99.043**

NOTE 27 - INCOME/(LOSS) PER SHARE

	1 January 2014- 31 March 2014	**1 January 2013- 31 March 2013**
Net income for the period (TRY)	8.286.790	2.574.483
Weighted average number of shares with nominal value of Kr 1 each	2.541.970.654	2.541.970.654
Income per 100 share with nominal value of TRY 1 each	**0,3260**	**0,1013**

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

NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Related party balances

31 March 2014

	Receivables		Payables	
Related Parties	**Trade**	**Other**	**Trade**	**Other**
Ortaklara Borçlar(*)	-	-	-	9.109
Anadolu Endüstri Holding A.Ş.	-	-	2.028	-
Itochu Corporation Tokyo	-	-	99.158.776	-
Isuzu Motors International Operation Thailand	-	-	27.876.341	-
Isuzu Motors Ltd. Tokyo	183.943	-	1.619.181	-
Çelik Motor Ticaret A.Ş.	7.163	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş.	34.873	-	-	-
Efestur Turizm İşletmeleri A.Ş.	-	-	175.288	-
Anadolu Bilişim Hizmetleri A.Ş.	-	-	435.638	-
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	-	-	2.664	-
Adel Kalemcilik Tic. ve San. A.Ş.	4.720	-	-	-
AEH Sigorta Acenteliği A.Ş.	-	-	484.010	-
Anadolu Araçlar Ticaret A.Ş.	-	-	165	-
Anadolu Sağlık Merkezi İktisadi İşletmesi	-	-	1.050	-
Total	**230.699**	**-**	**129.755.141**	**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

	Receivables		Payables	
Related Parties	**Trade**	**Other**	**Trade**	**Other**
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.

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

NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Related party transactions:

1 January -
31 March 2014

Sales to related parties	Goods and Service sales	Sales of Fixed assets	Rent income	Total revenues / Sales
Isuzu Motors International Operation Thailand	433.373	-	-	**433.373**
Isuzu Motors Ltd. Tokyo	437.017	-	-	**437.017**
Çelik Motor Ticaret A.Ş.	168.908	-	-	**168.908**
Adel Kalemcilik Tic. ve San. A.Ş.	-	-	6.000	**6.000**
Anadolu Motor Üretim ve Paz. A.Ş.	48.051	-	-	**48.051**
Anadolu Bilişim Hizmetleri A.Ş.	85.065	-	4.500	**89.565**
Total	**1.172.414**	**-**	**10.500**	**1.182.914**

1 January -
31 March 2013

Sales to related parties	Goods and Service sales	Sales of Fixed assets	Rent income	Total revenues / Sales
Efes Pazarlama Dağıtım ve Tic. A.Ş.	520	-	290.734	**291.254**
Isuzu Motors International Operation Thailand	117.305	-	-	**117.305**
Isuzu Motors Ltd. Tokyo	477.585	-	-	**477.585**
Çelik Motor Ticaret A.Ş.	139.749	-	-	**139.749**
Alternatif Yatırım A.Ş.	-	-	2.685	**2.685**
Adel Kalemcilik Tic. ve San. A.Ş.	495	-	101.663	**102.158**
Anadolu Motor Üretim ve Paz. A.Ş.	68.706	12.000	750	**81.456**
Alternatif Finansal Kiralama A.Ş.	124	-	32.706	**32.830**
Alternatifbank A.Ş.	119	-	31.392	**31.511**
Anadolu Sağlık Merkezi İktisadi İşletmesi	124	-	-	**124**
Total	**804.727**	**12.000**	**459.930**	**1.276.657**

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

NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

1 January -
31 March 2014

Purchases from related parties	Goods and Service purchases	Fixed asset purchases	Rent Expense	Total expense/ Purchases
Çelik Motor Ticaret A.Ş.	33	-	140.877	**140.910**
Anadolu Endüstri Holding A.Ş.	1.037.596	-	675	**1.038.271**
Itochu Corporation Tokyo	43.185.662	-	-	**43.185.662**
Isuzu Motors International Operation Thailand	31.081.768	-	-	**31.081.768**
Isuzu Motors Ltd. Tokyo	8.847	-	-	**8.847**
Isuzu Motors Ltd. Europe	6.436	-	-	**6.436**
Efestur Turizm İşletmeleri A.Ş.	427.341	-	-	**427.341**
Anadolu Bilişim Hizmetleri A.Ş.	454.317	610.818	-	**1.065.135**
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	2.258	-	-	**2.258**
Anadolu Sağlık Merkezi İktisadi İşletmesi	3.565	-	-	**3.565**
Anadolu Araçlar Ticaret A.Ş.	140	-	-	**140**
Total	**76.207.963**	**610.818**	**141.552**	**76.960.333**

1 Janunary -
31 March 2013

Purchases from related parties	Goods and Service purchases	Fixed asset purchases	Rent Expense	Total expense/ Purchases
Anadolu Motor Üretim ve Paz. A.Ş.	100.574	-	-	**100.574**
Çelik Motor Ticaret A.Ş.	597	-	91.708	**92.305**
Anadolu Endüstri Holding A.Ş.	740.904	-	-	**740.904**
Itochu Corporation Tokyo	33.994.997	-	-	**33.994.997**
Isuzu Motors International Operation Thailand	6.422.549	-	-	**6.422.549**
Isuzu Motors Ltd. Tokyo	1.391.866	-	-	**1.391.866**
Efestur Turizm İşletmeleri A.Ş.	317.205	-	-	**317.205**
Anadolu Bilişim Hizmetleri A.Ş.	626.911	272.675	-	**899.586**
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	2.433	-	-	**2.433**
Anadolu Araçlar Ticaret A.Ş.	110.521	-	-	**110.521**
Oyex Handels Gmbh	29.920	-	-	**29.920**
Total	**43.738.477**	**272.675**	**91.708**	**44.102.860**

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

NOTE 28 - 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 TRY200.000 to Anadolu Eğitim ve Sosyal Yardım Vakfı in the current period (2013: TRY800.000).

d) Key management compensation:

	1 January 2014- 31 March 2014	1 January 2013- 31 March 2013
Salaries and other short-term benefits	732.642	310.090
Total	**732.642**	**310.090**

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

NOTE 29 - FINANCIAL RISK MANAGEMENT

(a) Capital risk management

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

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

	31 March 2014	31 December 2013
Financial Liabilities	84.990.600	62.136.670
Total Shareholders' Equity	373.370.605	365.334.419
Debt/Total equity	**0,23**	**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.

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

(b) Price risk

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

(c) Market risk

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

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

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

(d) Foreign exchange risk

Foreign currency transactions may result in foreign currency fluctuation risk.

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

Sensitivity analysis of foreign exchange

31 March 2014

	Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
If US$ appreciated/(depreciated) against TRY by 10%;		
1- USD currency net asset/liability	(1.800.704)	1.800.704
2- Hedged items (-)	-	-
3- Net effect of USD (1+2)	**(1.800.704)**	**1.800.704**
If EUR appreciated/(depreciated) against TRY by 10%;		
4- EUR currency net asset/liability	2.412.985	(2.412.985)
5- Hedged items (-)	-	-
6- Net effect of EUR(4+5)	**2.412.985**	**(2.412.985)**
If other foreign exhange rates appreciated/(depreciated) against TRY by 10%;		
7- Other foreign exhange rates currency net asset/liability	(10.611.198)	10.611.198
8- Hedged items (-)	-	-
9- Net effect of other foreign exhange rates (7+8)	**(10.611.198)**	**10.611.198**
TOTAL (3+6+9)	**(9.998.917)**	**9.998.917**

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity analysis of foreign exchange

31 December 2013

	Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
If US$ appreciated/(depreciated) against TRY by 10%;		
1- USD currency net asset/liability	(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 exhange rates appreciated/(depreciated) against TRY by 10%;		
7- Other foreign exhange rates currency net asset/liability	(7.467.865)	7.467.865
8- Hedged items (-)	-	-
9- Net effect of other foreign exhange rates (7+8)	**(7.467.865)**	**7.467.865**
TOTAL (3+6+9)	**(8.086.718)**	**8.086.718**

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency position table

	31 March 2014					31 December 2013				
	TRY Amount	USD	EUR	JPY	Other	TRY Amount	USD	EUR	JPY	Other
1. Trade receivables	27.805.352	1.486.689	8.163.674	-	-	29.159.169	1.838.870	8.593.383	-	-
2a. Monetary financial assets	35.095.761	6.490.247	6.221.730	101.531.491	1.550	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)	**62.901.113**	**7.976.936**	**14.385.404**	**101.531.491**	**1.550**	**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	1.870	854	-	-	-	1.823	854	-	-	-
8. Total non-current assets (5+6+7)	**1.870**	**854**	**-**	**-**	**-**	**1.823**	**854**	**-**	**-**	**-**
9. Total assets(4+8)	**62.902.983**	**7.977.790**	**14.385.404**	**101.531.491**	**1.550**	**43.405.457**	**3.469.094**	**10.840.016**	**205.833.631**	**1.550**
10. Trade payables	130.703.613	12.730.085	731.902	4.712.168.357	4.620	83.909.061	3.481.083	743.417	3.672.400.862	-
11. Financial liabilities	370.977	-	123.363	-	-	88.280	-	30.063	-	-
12a. Other monetary liabilities	2.063.714	200	686.112	-	-	2.205.336	6.156	746.534	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	**133.138.304**	**12.730.285**	**1.541.377**	**4.712.168.357**	**4.620**	**86.202.677**	**3.487.239**	**1.520.014**	**3.672.400.862**	**-**
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	30.072.000	-	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)	**30.072.000**	**-**	**10.000.000**	**-**	**-**	**29.365.000**	**-**	**10.000.000**	**-**	**-**
18. Total liabilities (13+17)	**163.210.304**	**12.730.285**	**11.541.377**	**4.712.168.357**	**4.620**	**115.567.677**	**3.487.239**	**11.520.014**	**3.672.400.862**	**-**
19. Off-balance sheet derivative instruments net position (19a-19b)	**318.151**	**(3.470.650)**	**5.180.000**	**(358.724.000)**	**-**	**(8.704.960)**	**(3.775.725)**	**1.330.000**	**(225.000.000)**	**-**
19a. Total Amount of Hedged Assets	15.577.296	-	5.180.000	-	-	3.905.545	-	1.330.000	-	-
19b. Total Amount of Hedged Liabilities	15.259.145	3.470.650	-	358.724.000	-	12.610.505	3.775.725	-	225.000.000	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	**(99.989.170)**	**(8.223.145)**	**8.024.027**	**(4.969.360.866)**	**(3.070)**	**(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)	**(100.309.191)**	**(4.753.349)**	**2.844.027**	**(4.610.636.866)**	**(3.070)**	**(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	**15.577.296**					**3.905.545**				
24. The Amount of Hedged part of Foreign Exchange Liabilities	**(15.259.145)**					**(12.610.505)**				
25. Export	**37.899.648**					**104.015.426**				
26. Import	**87.227.008**					**271.731.225**				

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

The Company 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

	31 March 2014	31 December 2013
Financial assets with fixed rates		
Financial assets	184.002.420	183.277.408
Financial liabilities	(60.527.978)	(59.538.281)
Financial liabilities with variable rates		
Financial liabilities	(37.012.590)	(55.012.396)

As of 31 March 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 TRY370.126 (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 31 March 2014 are TRY27.805.352 (31 December 2013: TRY29.159.169).

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

31 March 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)	**230.699**	**167.706.994**	**-**	**181.591**		**189.809.955**	
- The part of maximum risk secured by guarantee etc.	-	167.706.994	-	-	**7**	-	
A. Net book value of financial assets which are undue or which is not impaired	**230.699**	161.988.649	-	181.591	**7-8-25**	189.809.955	**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	**-**	**5.718.345**	**-**	**-**	**-**	**-**	
- Secured by guarantee and etc.	-	5.718.345	-	-		-	
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	**-**	**-**	**-**	**-**		**-**	

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

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

	Receivables				
31 March 2014	**Trade receivables**	**Other receivables**	**Deposits in banks**	**Derivative instruments**	**Other**
Within 1 month	5.146.511	-	-	-	-
Within 1-3 months	571.834	-	-	-	-
Within 3-12 months	-	-	-	-	-
Within 1-5 years	-	-	-	-	-
Over 5 years	-	-	-	-	-
Secured by guarantee and etc.	**5.718.345**	**-**	**-**	**-**	**-**

	Receivables				
31 December 2013	**Trade receivables**	**Other receivables**	**Deposits in banks**	**Derivative instruments**	**Other**
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.

<u>Liquidity Risk Tables</u>

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

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

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

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

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

31 March 2014

Non-derivative financial instruments

Due to contractual dates:	**Carrying value**	**Total contractual cash outflow**	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**	**Over 5 years**
Bank borrowing	97.540.568	102.475.036	38.245.802	31.859.663	32.369.571	-
Corporate bonds issued	-	-	-	-	-	-
Financial Lease	-	-	-	-	-	-
Trade Payables	177.590.877	178.077.486	100.472.316	77.605.170		-
Other Liabilities	6.438.169	6.438.169	6.438.169	-	-	-
Non-derivative financial liabilities	**281.569.614**	**286.990.691**	**145.156.287**	**109.464.833**	**32.369.571**	**-**

Derivative financial liabilities

Contractual maturities:	**Carrying value**	**Total contractual cash outflow**	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**	**Over 5 years**
Derivative cash inflow	15.259.145	15.101.213	9.716.119	5.385.094	-	-
Derivative cash outflow	(15.577.296)	(15.431.504)	(9.950.640)	(5.480.864)	-	-
Derivative financial liabilities	**(318.151)**	**(330.291)**	**(234.521)**	**(95.770)**	**-**	**-**

31 December 2013

Non-derivative financial instruments

Due to contractual dates:	**Carrying value**	**Total contractual cash outflow**	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**	**Over 5 years**
Bank borrowing	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

Contractual maturities:	**Carrying value**	**Total contractual cash outflow**	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**	**Over 5 years**
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)	-	-
Non-derivative financial liabilities	**(12.290)**	**715.764**	**793.575**	**(77.811)**	**-**	**-**

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

NOTE 30 - FINANCIAL INSTRUMENTS
(Fair value and hedging disclosures)

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

Objectives of Financial Risk Management

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

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

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

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

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

Derivative financial instruments

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

31 March 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Asset	-	15.101.213	-	**15.101.213**
Liability	-	(15.431.504)	-	**(15.431.504)**
Net	-	(330.291)	**-**	**(330.291)**

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 (EUR2.580.000 in return for USD3.470.650, EUR2.600.000 in return for JPY358.724.000) as of 31 March 2014. An expense accrual of TRY330.291 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 31 - SUBSEQUENT EVENTS

None