**Anadolu Isuzu Otomotiv**

**Sanayi ve Ticaret Anonim Şirketi**

# CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH REPORT OF INDEPENDENT AUDITORS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015

**(ORIGINALLY ISSUED IN TURKISH)**

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

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş.

## Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. (the "Company") and its Subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Consolidated Financial Statements*

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Independent Auditor's Responsibility*

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

   An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

   We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. and its Subsidiary as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with Turkish Accounting Standards.

**Oher Responsibilities Arising From Regulatory Requirements**

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 26 February 2016.

6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2015 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

7. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Adnan Akan, SMMM
Partner

Istanbul, 26 February 2016

**CONTENTS...................................................................................................................................... PAGE**

**CONSOLIDATED BALANCE SHEETS**
**AT 31 DECEMBER 2015 AND 31 DECEMBER 2014**
*(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)*

| | Notes | 31 December 2015 | 31 December 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | **733.733.852** | **577.973.787** |
| Cash and cash equivalents | **4** | 78.558.102 | 111.118.458 |
| Trade receivables | | | |
| Due from related parties | **27** | 6.551.727 | 1.611.811 |
| Due from other parties | **7** | 279.220.471 | 229.092.922 |
| Other receivables | | | |
| Due from other parties | **8** | 1.297.639 | 532.869 |
| Inventories | **9** | 320.664.375 | 207.088.317 |
| Prepaid expenses | **16** | 12.892.651 | 15.093.644 |
| Current income tax assets | **25** | 2.132.279 | - |
| Other current assets | **16** | 32.416.608 | 13.435.766 |
| **Non-current Assets** | | **147.469.619** | **114.663.437** |
| Financial assets | **5** | - | - |
| Other receivables | | | |
| Due from other parties | **8** | 186 | 186 |
| Property , plant and equipment | **10** | 103.340.205 | 78.011.614 |
| Intangible assets | **11** | 41.766.163 | 34.290.920 |
| Goodwill | **12** | 2.340.995 | 2.340.995 |
| Prepaid expenses | **16** | 22.070 | 19.722 |
| Deferred tax assets | **25** | - | - |
| **TOTAL ASSETS** | | **881.203.471** | **692.637.224** |

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

These consolidated financial statements for the period 1 January - 31 December 2015 have been approved for issue by the Board of Directors ("BOD") on 26 February 2016 and signed by Independent Audit Committee Director Ahmet Cemal DÖRDÜNCÜ, Independent Audit Committee Member Kamil Ömer BOZER, General Manager Yusuf Tuğrul ARIKAN and Finance Director Bora ÖNER.

**CONSOLIDATED BALANCE SHEETS**
**AT 31 DECEMBER 2015 AND 31 DECEMBER 2014**
*(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)*

| | Notes | 31 December 2015 | 31 December 2014 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current liabilities** | | **406.815.587** | **314.051.734** |
| Financial liabilities | **6** | 138.476.959 | 75.804.666 |
| Trade payable | | | |
| Due to related parties | **27** | 143.548.358 | 142.568.720 |
| Due to other parties | **7** | 101.391.422 | 73.573.992 |
| Other payable | | | |
| Due to related parties | **27** | 9.109 | 9.109 |
| Due to other parties | **8** | 7.566.045 | 9.766.346 |
| Payables for employee benefits | **8** | 1.357.045 | 816.202 |
| Deferred income | **16** | 874.641 | 1.005.023 |
| Current income tax liabilities | **25** | - | 75.244 |
| Provisions | | | |
| Provision for employee benefits | **14** | - | 1.354.304 |
| Other provisions | **14** | 13.592.008 | 9.078.128 |
| **Non-current liabilities** | | **151.026.150** | **44.683.087** |
| Financial liabilities | **6** | 134.019.200 | 28.207.000 |
| Deferred income | **16** | 1.207.583 | 1.683.193 |
| Provisions | | | |
| Provision for employment termination benefits | **15** | 13.546.911 | 12.493.579 |
| Deferred tax liabilities | **25** | 2.252.456 | 2.299.315 |
| **EQUITY** | **17** | **323.361.734** | **333.902.403** |
| **Shareholders equity** | | **323.361.734** | **333.902.403** |
| Paid-in capital | | 25.419.707 | 25.419.707 |
| Adjustment to share capital | | 86.901.880 | 86.901.880 |
| Other comprehensive income/expense items that will not be reclassified to profit or loss | | | |
| Remeasurements of provision for employment termination benefits | | (115.217) | 112.998 |
| Restricted reserves | | 162.363.654 | 159.657.537 |
| Retained earnings | | 31.047.813 | 27.468.021 |
| Net income for the period | | 17.743.897 | 34.342.260 |
| **Non-controlling interests** | | **-** | **-** |
| **TOTAL LIABILITIES AND EQUITY** | | **881.203.471** | **692.637.224** |

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2015 AND 2014**
*(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)*

| | Notes | 1 January- 31 December 2015 | 1 January- 31 December 2014 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Revenue | 18 | 935.494.541 | 729.143.932 |
| Cost of sales (-) | 18 | (779.196.290) | (603.856.665) |
| **GROSS PROFIT/LOSS** | | **156.298.251** | **125.287.267** |
| General administrative expenses (-) | 19 | (36.101.430) | (29.988.064) |
| Marketing and selling expenses (-) | 19 | (70.123.244) | (62.478.616) |
| Research and development expenses (-) | 19 | (3.664.820) | (2.373.599) |
| Other operating income | 21 | 9.654.889 | 10.466.427 |
| Other operating expenses (-) | 21 | (29.173.423) | (6.095.399) |
| **OPERATING PROFIT/LOSS** | | **26.890.223** | **34.818.016** |
| Income from investing activities | 22 | 685.149 | 307.394 |
| Expenses on investing activities (-) | 22 | (93.660) | (218.779) |
| **OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES** | | **27.481.712** | **34.906.631** |
| Financial expenses (-) | 24 | (36.437.210) | (19.172.283) |
| Financial income | 23 | 26.960.965 | 22.955.411 |
| **PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | | **18.005.467** | **38.689.759** |
| **Income tax (expense)/ income from continuing operations** | | **(261.570)** | **(4.347.499)** |
| Taxes on current income (-) | 25 | (251.375) | (4.267.224) |
| Deferred tax expense | 25 | (10.195) | (80.275) |
| **INCOME/ (LOSS) FROM CONTINUING OPERATIONS** | | **17.743.897** | **34.342.260** |
| **INCOME/(LOSS) FOR THE YEAR** | | **17.743.897** | **34.342.260** |
| **Attributable to:** | 17 | **17.743.897** | **34.342.260** |
| Non-controlling interests | 17 | - | - |
| Owners of the parent | 17 | 17.743.897 | 34.342.260 |
| **Income/ (Loss) per hundred shares** | 26 | **0,6980** | **1,3510** |

| | Notes | 1 January- 31 December 2015 | 1 January- 31 December 2014 |
|---|---|---|---|
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of provision for employment termination benefits | 15 | (285.269) | (425.223) |
| Tax effect related with other comprehensive income items | 25 | 57.054 | 85.045 |
| **OTHER COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX** | | **(228.215)** | **(340.178)** |
| **TOTAL COMPREHENSIVE INCOME** | | **17.515.682** | **34.002.082** |
| Non-controlling interests | | - | - |
| Owners of the parent | | 17.515.682 | 34.002.082 |

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

**CONSOLIDATED STATEMENT OF CASH FLOW**
**FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2015 AND 31 DECEMBER 2014**
*(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)*

| | Notes | 1 January- 31 December 2015 | 1 January- 31 December 2014 |
|---|---|---|---|
| Operating activities: | | | |
| **Net income/ (loss)** | **17** | **17.743.897** | **34.342.260** |
| **Adjustments to reconcile net cash generated:** | | | |
| Adjustments for amortisation | **10** | 11.076.847 | 9.081.820 |
| Adjustments for depreciation | **11** | 9.302.710 | 7.544.574 |
| Adjustments for provision for employment termination benefits | **15** | 2.341.759 | 1.954.666 |
| Adjustments for income taxes | **25** | 261.570 | 4.347.499 |
| Adjustments for interest income | **23** | (9.856.118) | (14.867.194) |
| Adjustments for interest expense | **24** | 10.438.820 | 8.971.623 |
| Foreign exchange differences on borrowings | | 8.600.725 | (1.576.000) |
| Other adjustments | | 7.137.955 | 2.110.156 |
| Gain on sales of property, plant and equipment assets | **22** | 591.489 | 88.615 |
| **Net operating income before changes in assets and liabilities:** | | **57.639.654** | **51.998.019** |
| **Changes in assets and liabilities:** | | | |
| Change in trade receivables | | (58.790.639) | (22.785.905) |
| Change in inventories | **9** | (113.576.058) | (73.712.218) |
| Change in other current assets | **8-16** | (19.676.898) | (6.749.557) |
| Change in other non-current assets | | (1.185.326) | (249.444) |
| Change in trade payables | **7-27** | 29.698.811 | 79.320.845 |
| Change in other liabilities | | (1.365.363) | 4.656.365 |
| Income taxes paid | | (2.383.654) | (4.191.980) |
| Employment benefits paid | **15** | (1.573.696) | (1.000.959) |
| **Cash flows (used in)/generated from operating activities:** | | **(111.213.169)** | **27.285.166** |
| **Investing activities:** | | | |
| Proceeds on sales of property, plant and equipment | | 2.098.424 | 1.251.462 |
| Purchase of property, plant and equipment | **10** | (37.912.373) | (23.057.132) |
| Purchase of intangible assets | **11** | (16.777.953) | (17.284.226) |
| **Cash flows used in investing activities:** | | **(52.591.902)** | **(39.089.896)** |
| **Financing activities:** | | | |
| Dividends paid | | (28.056.351) | (65.328.767) |
| Interests received | | 10.112.218 | 14.621.937 |
| Interests paid | | (9.163.527) | (7.073.032) |
| Proceeds from borrowings | | 234.764.475 | 75.625.000 |
| Repayments of borrowings | | (76.156.000) | (85.000.000) |
| **Net cash provided by/(used in) financing activities:** | | **131.500.815** | **(67.154.862)** |
| **Net decrease in cash and cash equivalents** | | **(32.304.256)** | **(78.959.592)** |
| **Cash and cash equivalents at the beginning of year** | | 110.399.391 | 189.358.983 |
| **Cash and cash equivalents at the end of year** | **4** | **78.095.135** | **110.399.391** |

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2015 AND 2014**

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

| | | | | | Other Comprehensive Income And Expense that will not be reclassified to profit or loss | | Accumulated Profit/Loss | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Prior period** | **Notes** | **Paid in capital** | **Adjustment to share capital** | **Total paid in capital** | **Gain/loss on revaluation and remeasurement** | **Restricted reserves** | **Retained earnings** | **Net profit/loss for the year** | **Owners of the parent** | **Non-controlling interests** | **Total equity** |
| **1 January 2014** | **17** | **25.419.707** | **86.901.880** | **112.321.587** | **453.176** | **14.744.014** | **39.048.753** | **198.745.796** | **365.313.326** | **21.093** | **365.334.419** |
| Net profit for the year | | - | - | - | - | - | - | 34.342.260 | **34.342.260** | - | **34.342.260** |
| Total comprehensive income | | - | - | - | **(340.178)** | - | - | - | **(340.178)** | - | **(340.178)** |
| **Total comprehensive income** | | - | - | - | **(340.178)** | - | - | **34.342.260** | **34.002.082** | - | **34.002.082** |
| Transfers | | - | - | - | - | 144.917.063 | 53.828.733 | (198.745.796) | - | - | - |
| Non-controling interests transactions (2.1.2) | | - | - | - | - | (3.540) | (80.698) | - | (84.238) | **(21.093)** | **(105.331)** |
| Dividends paid | | - | - | - | - | - | (65.328.767) | - | **(65.328.767)** | - | **(65.328.767)** |
| **31 December 2014** | **17** | **25.419.707** | **86.901.880** | **112.321.587** | **112.998** | **159.657.537** | **27.468.021** | **34.342.260** | **333.902.403** | - | **333.902.403** |
| **Current period** | | | | | | | | | | | |
| **1 January 2015** | **17** | **25.419.707** | **86.901.880** | **112.321.587** | **112.998** | **159.657.537** | **27.468.021** | **34.342.260** | **333.902.403** | - | **333.902.403** |
| Net profit for the year | | - | - | - | - | - | - | 17.743.897 | **17.743.897** | - | **17.743.897** |
| Total comprehensive income | | - | - | - | **(228.215)** | | | - | **(228.215)** | - | **(228.215)** |
| **Total comprehensive income** | | - | - | - | **(228.215)** | - | - | **17.743.897** | **17.515.682** | - | **17.515.682** |
| Transfers | | - | - | - | - | 2.706.117 | 31.636.143 | (34.342.260) | - | - | - |
| Dividends paid | | - | - | - | - | - | (28.056.351) | - | **(28.056.351)** | - | **(28.056.351)** |
| **31 December 2015** | **17** | **25.419.707** | **86.901.880** | **112.321.587** | **(115.217)** | **162.363.654** | **31.047.813** | **17.743.897** | **323.361.734** | - | **323.361.734** |

## 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 December 2015 is 944 (31 December 2014: 869).

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

As of 31 December 2015 and 31 December 2014, details regarding the Company's subsidiary, which is subject to consolidation, is as follows:

| Subsidiaries | Nature of business | Capital | 31 December 2015 Ownership interest(%) | 31 December 2014 Ownership interest(%) |
|---|---|---|---|---|
| Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş. | Trade of spare parts | 716.000 | 100,00 | 100,00 |

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

## NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Basis of presentation

### 2.1.1 Financial reporting standards

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

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

### 2.1.2 Consolidation principles

**Subsidiaries**

Subsidiaries, including structured entities, are companies in the Group's control. The Group's control is provides for exposure to variable returns from these companies, being eligible for these benefits, and the power to direct them. Subsidiaries are consolidated using the full consolidation method starting from the date when the control is transferred to the Group. They are excluded from the scope of consolidation as of the date when the control is lost.

The purchasing method is used in accounting for group business combinations. The cost of acquisition includes the fair value of the assets transferred at the acquisition date, the liabilities incurred by the former owner of the company, and costs, consisting of equity instruments issued by the Group. The acquisition cost includes the fair value of the assets and liabilities transferred as a result of the contingent acquisition agreement.

*(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(Continued)

**Subsidiaries (Continued)**

The identifiable assets, liabilities, and contingent liabilities taken over during a business combination are measured at their fair value on the acquisition date. For each purchase, non-controlling shares of the acquired company are recognised either at their fair value or according to their proportional share in the net assets of the acquired company.

The table below sets out the subsidiaries and their ownership interests as of 31 December 2015 and 31 December 2014.

| | Proportion of effective interest (%) | | Direct and indirect ownership interest held by Company | |
|---|---|---|---|---|
| **Subsidiaries** | **31 December 2015** | **31 December 2014** | **31 December 2015** | **31 December 2014** |
| Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş. | 100,00 | 100,00 | 100,00 | 100,00 |

### 2.1.3 Offsetting

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

### 2.1.4 Comparatives and adjustment of prior periods' financial statements

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

The Group has no changes in its 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**

**a. Standards, Amendments and TFRICs applicable to 31 December 2015 year ends**

- Amendment to TAS 19, regarding defined benefit plans, effective from 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 fixed percentage of salary.

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:

  - TFRS 2, 'Share-based payment'
  - TFRS 3, 'Business 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'

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycles 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'.

**b. The new standards, amendments and interpretations introduced to the Financial Statements as of 31 December 2015, however is not effective yet:**

- Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions..

- Amendments to TAS 16, 'Property,plant and equipment', and TAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.

- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

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

### 2.2 Basis of presentation (Continued)

### 2.1.5 Amendments in International Financial Reporting Standards

**b. Standards, Amendments and TFRICs applicable to 31 December 2015 year ends (Continued)**

- TFRS 14, ‘Regulatory deferral accounts’, effective from annual periods beginning on or after 1 January 2016. TFRS 14, ‘Regulatory deferral accounts’ permits first–time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

- Amendments to TAS 27, ‘Separate financial statements’ on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendments to TFRS 10, ‘Consolidated financial statements’ and TAS 28, ‘Investments in associates and joint ventures’, effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  • TFRS 5, ‘Non-current assets held for sale and discontinued operations’ regarding methods of disposal.
  • TFRS 7, ‘Financial instruments: Disclosures’, (with consequential amendments to TFRS 1) regarding servicing contracts.
  • TAS 19, ‘Employee benefits’ regarding discount rates.
  • TAS 34, ‘Interim financial reporting’ regarding disclosure of information.

- Amendment to TAS 1, ‘Presentation of financial statements’ on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the TASB initiative to improvepresentation and disclosure in financial reports

- Amendment to TFRS 10, ‘Consolidated financial statements’ and TAS 28, ‘Investments in associates and joint ventures’, effective from annual periods beginning on or after 1 January 2016.These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

- TFRS 15, ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. TFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the TASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- TFRS 9, ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

*(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

#### 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 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 |

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

### 2.2 Summary of Significant Accounting Policies (Continued)

#### 2.2.4 Property, plant and equipment (Continued)

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in other operating income and losses. Repair and maintenance expenses are charged to the statement of income as they are incurred. Repair and maintenance expenditures are capitalised if they result in an enlargement or substantial improvement of the respective asset.

#### 2.2.5 Intangible assets

Intangible assets acquired before 1 January 2005 are carried at indexed historical cost for inflation effects as at 31 December 2004; however, purchases after 1 January 2005 are carried at their historical cost less accumulated amortization and impairment. Intangible assets are depreciated on a straight-line basis over their expected useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are comprised of software programme rights, brand and patent rights and development expenses. Amortization is calculated using the straight-line method based on their economic lives unless they exceed five years.

#### 2.2.6 Goodwill and related amortisation

In consolidated financial statements, if goodwill and negative goodwill which are resulted from the difference of purchase price and fair value of net assets of the acquired share of the affiliate are realised from the purchases before 31 March 2004, they are amortised by using the capitalised and normal amortisation method over its useful life until end of 31 December 2004. Within the framework of TFRS 3 - "Business Combinations" amortisation is not applied for goodwill which is resulted from acquisitions after 31 March 2004. The calculated goodwill is evaluated and if impairment is required, a provision for impairment is accounted for. Also, for the acquisitions after 31 March 2004, if negative goodwill exists, the amount is reviewed and credited to income statement in the period negative goodwill occurred.

Within the framework of TFRS 3, after 31 March 2004, in the beginning of first upcoming annual accounting period (1 January 2005), the Group has halted the amortisation of goodwill which was resulted from the transactions before 31 March 2004. Impairment of goodwill is not cancellable. The Group performs impairment testing during the year-ends.

#### 2.2.7 Impairment of assets

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

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

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

### 2.2 Summary of Significant Accounting Policies (Continued)

#### 2.2.8 Loans and borrowing costs

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

#### 2.2.9 Taxes on income

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. Deferred tax assets and liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

#### 2.2.10 Provision for employee benefits

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

#### 2.2.11 Provisions

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

#### 2.2.12 Research and development expenses

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

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

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

**2.2 Summary of Significant Accounting Policies (Continued)**

**2.2.13 Warranty provision expenses**

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

**2.2.14 Related parties**

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

**2.2.15 Foreign currency transactions**

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

**2.2.16 Earnings per share**

Earnings 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 earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

**2.2.17 Revenue recognition**

***Commercial vehicle and spare part sales***

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

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

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

***Service sales***

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

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

### 2.2. Summary of Significant Accounting Policies (Continued)

### 2.2.17 Revenue recognition(Continued)

***Interest income***

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

***Dividend income***

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

***Rent income***

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

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

### 2.2.18 Reporting of cash flows

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

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

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

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

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

### 2.2.19 Contingent assets and liabilities

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

### 2.2.20 Government grants

Government grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Government grants are recognized as income over the periods necessary to match them with the related costs, which they are intended to compensate, on a systematic basis. Government grants and assistance received for R&D purposes of the Group are explained in Note 13.

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

### 2.2 Summary of Significant Accounting Policies (Continued)

#### 2.2.21 Derivative intruments

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

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

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

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

#### 2.2.22 Accounting policies, changes in accounting estimates and errors

Accounting estimates are made based on reliable information and using appropriate estimation methods. However, if new or additional information becomes available or the circumstances, which the initial estimates based on, change, then the estimates are reviewed and revised, if necessary. If the change in the accounting estimates is only related to a sole period, then only that period's financial statements are adjusted. As of 1 January - 31 December 2015, there are no changes in accounting estimates and errors in the presentation of the consolidated financial statements.

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

#### 2.2.23 Subsequent events

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

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

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

## NOTE 3 - SEGMENT REPORTING

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

## NOTE 4 - CASH AND CASH EQUIVALENTS

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

| | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Cash | 123.528 | 74.114 |
| Banks - Demand deposits | 3.049.199 | 16.551.115 |
| Banks - Time deposits (up to 3 months) | 75.274.455 | 94.493.229 |
| Other cash and cash equivalents | 110.920 | - |
| **Total** | **78.558.102** | **111.118.458** |

There are no blocked deposits as of 31 December 2015 and 31 December 2014.

Cash and cash equivalents presented in the consolidated cash flow statements as of 31 December 2015 and 31 December 2014 are as follows:

| | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Cash and banks | 78.558.102 | 111.118.458 |
| Less: Interest Accruals (-) | (462.967) | (719.067) |
| **Total (Excluding interest accruals)** | **78.095.135** | **110.399.391** |

The details of time deposits are as follows:

| | 31 December 2015 | | 31 December 2014 | |
|---|---|---|---|---|
| | Amount in TRY | Annual Interest Rate (%) | Amount in TRY | Annual Interest Rate (%) |
| TRY | 66.122.939 | 5,50-13,30 | 90.992.025 | 6,00-10,20 |
| USD | - | - | 1.808.746 | 0,10 |
| EUR | 9.151.516 | 0,10-0,25 | 1.692.458 | 1,00 |
| **Total** | **75.274.455** | | **94.493.229** | |

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 December 2015, time and demand deposits amounting to TRY2.323.014 are at Alternatifbank A.Ş., a related party of the Group (31 December 2014: TRY3.682.829).

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

## NOTE 5 - FINANCIAL ASSETS

The Group did not have any financial assets as of 31 December 2015 and 31 December 2014.

## NOTE 6 - FINANCIAL LIABILITIES

The details of bank loans as of 31 December 2015 and 31 December 2014 are as follows:

**Short-term Bank Loans**

| | Annual Effective Interest Rate (%) | | Original Currency | | Amount in TRY | |
|---|---|---|---|---|---|---|
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| **Short-term Bank Loans** | | | | | | |
| EUR | 2,17 | 2,73 | 40.341.686 | 10.152.577 | 128.189.743 | 28.637.373 |
| TRY | 10,28 | 10,37 | 10.287.216 | 47.167.293 | 10.287.216 | 47.167.293 |
| **Total** | | | | | **138.476.959** | **75.804.666** |

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

| Period | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Up to 1 month | 6.002.075 | 32.009.272 |
| **Total** | **6.002.075** | **32.009.272** |

**Long-term Bank Loans**

| | Annual Effective Interest Rate (%) | | Original Currency | | Amount in TRY | |
|---|---|---|---|---|---|---|
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| **Long-term Bank Loans** | | | | | | |
| EUR | 2,66 | 3,58 | 17.000.000 | 10.000.000 | 54.019.200 | 28.207.000 |
| TRY | 13,36 | - | 80.000.000 | - | 80.000.000 | - |
| **Total** | | | | | **134.019.200** | **28.207.000** |

All long-term borrowings have due dates in 2017. The fair value of borrowings was TRY280,218,096 as of 31 December 2015 (31 December 2014: TRY106,959,126).

## NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables at period ends are as follows:

| Short-term trade receivables | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Customer current accounts | 282.858.402 | 231.538.036 |
| Cheques recevied | 70.744 | 93.734 |
| Rediscount on trade receivables (-) | (3.708.675) | (2.538.848) |
| Uncollectible receivables | 333.324 | 333.324 |
| Less: Provision for uncollectible receivables (-) | (333.324) | (333.324) |
| **Total** | **279.220.471** | **229.092.922** |

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

## NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movements of provision for uncollectible receivables are as follows:

| | 2015 | 2014 |
|---|---|---|
| **1 January** | **333.324** | **333.324** |
| Provisions for the period | - | - |
| Collections during the period | - | - |
| **31 December** | **333.324** | **333.324** |

Trade payables as of period ends are as follows:

| **Trade Payables** | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Trade payables, net | 102.339.018 | 74.100.720 |
| Rediscount on trade payables (-) | (947.596) | (526.728) |
| **Total** | **101.391.422** | **73.573.992** |

## NOTE 8 - OTHER RECEIVABLES AND PAYABLES

| **Other Short-term Receivables**<br>**Other Receivables** | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Receivables from government authorities(*) | 748.195 | 295.841 |
| Receivables from personnel | 548.709 | 237.004 |
| Deposits and guarantees given | 735 | 24 |
| **Total** | **1.297.639** | **532.869** |

(*) As of 31 December 2015, the amount of Group's receivables was TRY589.254 which consists of the receivables related to the VAT refund request (31 December 2014: TRY208.000).

| **Other Long-term Receivables**<br>**Other Receivables** | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Deposits and guarantees given | 186 | 186 |
| **Total** | **186** | **186** |

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

**NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)**

| | 31 December 2015 | 31 December 2014 |
|---|---:|---:|
| **Other Short-term Payables** | | |
| **Other Payables** | | |
| Due to personnel | 1.357.045 | 816.202 |
| Order advances received | 1.556.439 | 4.954.142 |
| Taxes and funds payable | 3.957.203 | 3.237.296 |
| Social security premiums payable | 2.043.428 | 1.571.989 |
| Other miscellaneous payable | 8.975 | 2.919 |
| **Total** | **8.923.090** | **10.582.548** |

**NOTE 9 - INVENTORIES**

Inventory balances as of period ends are as follows:

| | 31 December 2015 | 31 December 2014 |
|---|---:|---:|
| Raw materials | 89.051.493 | 94.406.748 |
| Semi-finished goods | 1.692.332 | 4.906.815 |
| Finished goods | 192.831.728 | 34.594.155 |
| Trade goods | 19.013.301 | 14.557.831 |
| Other inventories | 1.065.568 | 2.588.831 |
| Goods in transit | 17.716.585 | 57.469.490 |
| | **321.371.007** | **208.523.870** |
| Less: Provisions for impairment of finished goods and trade goods | (706.632) | (1.435.553) |
| **Total Inventories** | **320.664.375** | **207.088.317** |

| **Movements of Provision for Impairment on Inventories** | 2015 | 2014 |
|---|---:|---:|
| Opening balance – 1 January | 1.435.553 | 1.809.169 |
| Provision released due to sales (-) | (728.921) | (855.489) |
| Current period charge (+) | - | 481.873 |
| **Closing balance – 31 December** | **706.632** | **1.435.553** |

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

## NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

| **Cost** | **Land** | **Land Improvements** | **Buildings** | **Machinery and Equipment** | **Vehicles** | **Furniture and fixtures** | **Other Tangible Assets** | **Constructions in progress and progress and** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| **As of 1 January 2015** | **1.292.239** | **9.088.625** | **63.323.403** | **169.750.455** | **7.056.837** | **3.659.751** | **766.199** | **2.215.376** | **257.152.885** |
| Additions | - | 515.782 | 987.139 | 11.071.014 | 2.704.293 | 351.765 | 8.385 | 22.273.995 | **37.912.373** |
| Transfers from constructions in progress ("CIP") | | 2.407.246 | 15.834.249(*) | 4.206.268(*) | - | - | - | (22.447.763) | - |
| Disposals | - | - | - | (6.992.679) | (2.159.240) | - | (385) | - | **(9.152.304)** |
| **As of 31 December 2015** | **1.292.239** | **12.011.653** | **80.144.791** | **178.035.058** | **7.601.890** | **4.011.516** | **774.199** | **2.041.608** | **285.912.954** |
| | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | |
| **As of 1 January 2015** | **-** | **(6.883.826)** | **(35.657.007)** | **(129.538.539)** | **(3.811.335)** | **(2.495.599)** | **(754.965)** | **-** | **(179.141.271)** |
| Current period depreciation | - | (246.383) | (2.308.814) | (7.103.308) | (1.222.864) | (191.725) | (3.753) | - | **(11.076.847)** |
| Disposals | - | - | - | 6.732.202 | 912.782 | - | 385 | - | **7.645.369** |
| **As of 31 December 2015** | **-** | **(7.130.209)** | **(37.965.821)** | **(129.909.645)** | **(4.121.417)** | **(2.687.324)** | **(758.333)** | **-** | **(182.572.749)** |
| | | | | | | | | | |
| **Net Book Value** | | | | | | | | | |
| **1 January 2015** | **1.292.239** | **2.204.799** | **27.666.396** | **40.211.916** | **3.245.502** | **1.164.152** | **11.234** | **2.215.376** | **78.011.614** |
| | | | | | | | | | |
| **31 December 2015** | **1.292.239** | **4.881.444** | **42.178.970** | **48.125.413** | **3.480.473** | **1.324.192** | **15.866** | **2.041.608** | **103.340.205** |

(*)The amount includes the capitalised interest and foreign exchange difference of TRY1,521,033, calculated in the context of TAS 23, for the R&D centre investment construction which was completed in Çayırova Şekerpınar.

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

**NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

| **Cost** | **Land** | **Land Improvements** | **Buildings** | **Machinery and Equipment** | **Vehicles** | **Furniture and fixtures** | **Other Tangible Assets** | **Constructions in progress and progress and** | **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 | - | 108.689 | 87.283 | 10.332.954 | 1.980.393 | 518.407 | 6.358 | 10.023.048 | **23.057.132** |
| Transfers from constructions in progress ("CIP") | | 1.387.923 | 2.931.171 | 5.332.455 | | 462.298 | - | (10.113.847) | **-** |
| Disposals | - | - | - | (612.262) | (1.841.601) | (42.490) | - | - | **(2.496.353)** |
| **As of 31 December 2014** | **1.292.239** | **9.088.625** | **63.323.403** | **169.750.455** | **7.056.837** | **3.659.751** | **766.199** | **2.215.376** | **257.152.885** |
| | | | | | | | | | |
| **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 | - | (126.950) | (2.175.708) | (5.706.020) | (979.101) | (90.652) | (3.389) | - | **(9.081.820)** |
| Disposals | - | - | - | 586.058 | 704.958 | 42.490 | - | - | **1.333.506** |
| **As of 31 December 2014** | **-** | **(6.883.826)** | **(35.657.007)** | **(129.538.539)** | **(3.811.335)** | **(2.495.599)** | **(754.965)** | **-** | **(179.141.271)** |
| | | | | | | | | | |
| **Net Book Value** | | | | | | | | | |
| **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** |
| **31 December 2014** | **1.292.239** | **2.204.799** | **27.666.396** | **40.211.916** | **3.245.502** | **1.164.152** | **11.234** | **2.215.376** | **78.011.614** |

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

## NOTE 11 - INTANGIBLE ASSETS

**1 January -**
**31 December 2015**

| Cost | Rights | Development costs | Other intangible assets | Constructions in progress and advances given | Total |
|---|---|---|---|---|---|
| **As of 1 January 2015** | **158.662** | **40.914.102** | **9.467.291** | **6.073.820** | **56.613.875** |
| Additions | - | - | 1.158.312 | 15.619.641 | **16.777.953** |
| Transfers | - | 11.481.622 | 833.835 | (12.315.457) | **-** |
| **As of 31 December 2015** | **158.662** | **52.395.724** | **11.459.438** | **9.378.004** | **73.391.828** |
| | | | | | |
| **Accumulated amortisation** | | | | | |
| **As of 1 January 2015** | **(34.696)** | **(18.082.614)** | **(4.205.645)** | **-** | **(22.322.955)** |
| Current year amortisation | (13.845) | (6.938.309) | (2.350.556) | - | **(9.302.710)** |
| **As of 31 December 2015** | **(48.541)** | **(25.020.923)** | **(6.556.201)** | **-** | **(31.625.665)** |
| | | | | | |
| **Net Book Value** | | | | | |
| **1 January 2015** | **123.966** | **22.831.488** | **5.261.646** | **6.073.820** | **34.290.920** |
| **31 December 2015** | **110.121** | **27.374.801** | **4.903.237** | **9.378.004** | **41.766.163** |

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

**NOTE 11 - INTANGIBLE ASSETS (Contunied)**

**1 January -**
**31 December 2014**

| Cost | Rights | Development costs | Other intangible assets | Constructions in progress and advances given | Total |
|---|---|---|---|---|---|
| **As of 1 January 2015** | **158.662** | **31.657.489** | **5.918.450** | **1.595.048** | **39.329.649** |
| Additions | - | - | 2.617.590 | 14.666.636 | **17.284.226** |
| Transfers | | 9.256.613 | 931.251 | (10.187.864) | **-** |
| **As of 31 December 2015** | **158.662** | **40.914.102** | **9.467.291** | **6.073.820** | **56.613.875** |
| **Accumulated amortisation** | | | | | |
| **As of 1 January 2015** | **(34.696)** | **(12.172.646)** | **(2.571.039)** | **-** | **(14.778.381)** |
| Current year amortisation | - | (5.909.968) | (1.634.606) | - | **(7.544.574)** |
| **As of 31 December 2015** | **(34.696)** | **(18.082.614)** | **(4.205.645)** | **-** | **(22.322.955)** |
| **Net Book Value** | | | | | |
| **1 January 2015** | **123.966** | **19.484.843** | **3.347.411** | **1.595.048** | **24.551.268** |
| **31 December 2015** | **123.966** | **22.831.488** | **5.261.646** | **6.073.820** | **34.290.920** |

**NOTE 12 - GOODWILL**

**31 December 2015**

| | Net Book Value |
|---|---|
| **As of 1 January 2015** | **2.340.995** |
| Additions | - |
| Provision for impairment | - |
| **As of 31 December 2015** | **2.340.995** |

**31 December 2014**

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

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

## NOTE 13 - GOVERNMENT GRANTS

In 2015, TRY498.788 was collected as cash in relation to R&D activities provided by TUBITAK (2014: TRY776,116).

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% which amounts to TRY15,762,887 (2014: TRY15,057,685).

In order to benefit from the incentives and exemptions provided in line with the Law No. 5746, the Group applied to the Ministry of Industry and Commerce to become an R&D center. On 3 June 2009, the Group was entitled to become an R&D center.

Regarding the TRY51.670.512 spent as of 31 December 2015 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 ASSTES AND LIABILITIES

| Provisions for expenses and liabilities (Short-term) | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Warranty provisions | 12.679.176 | 8.390.952 |
| Provision for wage differences resulting from the collective labour | - | 926.681 |
| Provision for lawsuits | 912.832 | 687.176 |
| Provision for employee benefits | - | 427.623 |
| **Total** | **13.592.008** | **10.432.432** |

Movements of provisions during the period are as follows:

| | Warranty Provisions | Provision for lawsuits | Provision for employee benefits | Provision for derivative instruments | Total |
|---|---|---|---|---|---|
| **As of 1 January 2015** | 8.390.952 | 687.176 | 427.623 | 926.681 | **10.432.432** |
| Additions during the period | 14.716.123 | 269.700 | - | - | **14.985.823** |
| Less: Paid during the period | (10.427.899) | (25.894) | (427.623) | (926.681) | **(11.808.097)** |
| Reversal of provision (-) | - | (18.150) | - | - | **(18.150)** |
| **As of 31 December 2015** | **12.679.176** | **912.832** | **-** | **-** | **13.592.008** |

| | Warranty Provisions | Provision for lawsuits | Provision for employee benefits | Provision for derivative instruments | Total |
|---|---|---|---|---|---|
| **As of 1 January 2014** | 7.226.702 | 520.099 | 290.986 | - | **8.037.787** |
| Additions during the period | 9.175.455 | 181.705 | 3.135.120 | 926.681 | **13.418.961** |
| Less: Paid during the period | (8.011.205) | - | (2.998.483) | - | **(11.009.688)** |
| Reversal of provision (-) | - | (14.628) | - | - | **(14.628)** |
| **As of 31 December 2014** | **8.390.952** | **687.176** | **427.623** | **926.681** | **10.432.432** |

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

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

**Lawsuits against the Group:**

Amount of provisions allocated for the lawsuits which were filed against the Group as of 31 December 2015 and have not ended as of the balance sheet date equals TRY912.832 (31 December 2014: TRY687.176).

**Mortgages and Guarantees on Assets:**

There are not any mortgages and guarantees on assets.

**Total Insurance Coverage on Assets:**

Total insurance coverage on assets is TRY580.141.130 as of 31 December 2015 (31 December 2014: TRY399.734.646).

**Contingent liabilities as of 31 December 2015 and 31 December 2014 are as follows:**

| Type | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Letters of Guarantee | 56.354.506 | 22.184.021 |
| **Total** | **56.354.506** | **22.184.021** |

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2015 and 31 December 2014 are as follows:

| | 31 December 2015 | 31 December 2014 |
|---|---|---|
| **A. CPM's given in the name of its own legal personality** | **56.354.506** | **22.184.021** |
| i. Guarantee letter | 56.354.506 | 22.184.021 |
| ii. Mortgage | - | - |
| **B. CPM's given on behalf of the fully consolidated companies** | - | - |
| **C. CPM's given on behalf of third parties for ordinary course of business** | - | - |
| **D. Total amount of other CPM's given** | - | - |
| i. Total amount of CPM's given on behalf of the majority shareholder | - | - |
| ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C | - | - |
| iii. Total amount of CPM's given on behalf of third parties which are not in scope of C | - | - |
| **A. CPM's given in the name of its own legal personality** | - | - |
| **Total** | **56.354.506** | **22.184.021** |

The ratio of CPM's given by the Company to the Company's equity is 0,00% as of 31 December 2015 (0,00% as of 31 December 2014).

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

## DİPNOT 15 – PROVISION FOR EMPLOYEE BENEFITS

| | 31 December 2015 | 31 December 2014 |
|---|---|---|
| **Provision for employment termination benefit** | **13.546.911** | **12.493.579** |

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

**DİPNOT 15 – PROVISION FOR EMPLOYEE BENEFITS (Continued)**

Within the framework of current laws in Turkey, it is obligatory to make the severance pay of each employee who has completed one year service period, has been paid off regardless of any related reason, has been called-up for military service along with men who have completed 25-year service period, women who have completed 20-year service period or those who have completed age of retirement (58 for women, 60 for men).
Because there is not any funding obligation for the severance pay provision in Turkey, any special fund is not allocated in the financial statements.

The severance payments are calculated over 30-days gross salary for each service year. Primary assumption is that ceiling liability set for each service year increases in proportion to inflation. In parallel with this, real discount rate which is cleared of the potential inflation impacts is considered at the implementation stage. The severance pay cap is revised in every six months, the ceiling amount of TRY4.092,53 (31 December 2014: TRY3.541,37) applicable as of 01 January 2016 has been regarded for the calculation of the Group's provision of severance pay.

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

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

| | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Net Discount Rate (%) | 3,77 | 3,18 |
| Turnover rate to estimate the probability of retirement (%) | 3,03 | 2,62 |

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

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

| | 2015 | 2014 |
|---|---|---|
| **Opening balance** | **12.493.579** | **11.114.649** |
| Interest cost | 1.354.691 | 1.041.964 |
| Remeasurements | 285.269 | 425.223 |
| Less: Paid during the period | (1.573.696) | (1.000.959) |
| Current period service cost | 987.068 | 912.702 |
| **Ending balance** | **13.546.911** | **12.493.579** |

**NOTE 16 - OTHER ASSETS AND LIABILITIES**

| **Prepaid Expenses** | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Advanced given | 12.474.277 | 14.794.708 |
| Prepaid insurance expenses | 195.117 | 126.067 |
| Prepaid subscription expenses | 38.188 | 17.094 |
| Prepaid advertisement expenses | 12.749 | 46.708 |
| Prepaid other expenses | 172.320 | 109.067 |
| **Total** | **12.892.651** | **15.093.644** |

| **Other Current Assets** | 31 December 2015 | 31 December2014 |
|---|---|---|
| Deferred VAT | 31.583.989 | 12.957.387 |
| Derivative transactions income provisions (Note 29) | - | 67.568 |
| Other current assets | 832.619 | 410.811 |
| **Total** | **32.416.608** | **13.435.766** |

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

**NOTE 16 - OTHER ASSETS AND LIABILITIES (Continued)**

| **Prepaid expenses** | **31 December 2015** | **31 December 2014** |
|---|---|---|
| Long-term prepaid expenses, other | 22.070 | 19.722 |
| **Total** | **22.070** | **19.722** |

| **Deferred income (short term)** | **31 December 2015** | **31 December 2014** |
|---|---|---|
| Short term deferred income(*) | 874.641 | 1.005.023 |
| **Total** | **874.641** | **1.005.023** |

(*) The amount of cash incentives received for the company's R&D activities, and which should be transferred to the income statement for upcoming months as of 31 December 2015, is TRY703.292 (31 December 2014: TRY814.693).

| **Deferred income (long term)** | **31 December 2015** | **31 December 2014** |
|---|---|---|
| Long term deferred income(*) | 1.207.583 | 1.683.193 |
| **Total** | **1.207.583** | **1.683.193** |

(*) The amount which will be transferred to the consolidated income statement related to the upcoming years from the cash support received for R&D activities of the Company as of 31 December 2015 is TRY808.459 (31 December 2014: TRY1.112.720).

**NOTE 17 - EQUITY**

**Capital / Elimination Adjustments**

As of 31 December 2015 and 2014, the share capital of the Company is TRY25.419.707. This share capital is divided into 2.541.970.654 shares in total, including 1.366.404.402 A Group registered shares, 755.995.500 B Group registered shares, 419.570.752 C Group bearer's shares, each with nominal value of 1 (one) Kr. The distribution of this share capital on the basis of share group is as follows:

**31 December 2015**

| **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. | 227.805 | - | 38.835 | 266.640 | **1,05** |
| ISUZU MOTORS LTD. | - | 4.319.991 | - | 4.319.991 | **16,99** |
| ITOCHU CORPORATION TOKYO | - | 2.405.286 | - | 2.405.286 | **9,46** |
| ITOCHU CORPORATION İSTANBUL | - | 834.678 | - | 834.678 | **3,28** |
| BEARER TO SHARES PUBLICLY OWNED | - | - | 3.811.860 | 3.811.860 | **15,00** |
| BEARER SHARES | 93.318 | - | 338.427 | 431.745 | **1,70** |
| **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 17 – EQUITY (Continued)**

**31 December 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. | 227.805 | - | 38.835 | 266.640 | **1,05** |
| ISUZU MOTORS LTD. | - | 4.319.991 | - | 4.319.991 | **16,99** |
| ITOCHU CORPORATION TOKYO | - | 2.405.286 | - | 2.405.286 | **9,46** |
| ITOCHU CORPORATION İSTANBUL | - | 834.678 | - | 834.678 | **3,28** |
| BEARER TO SHARES PUBLICLY OWNED | - | - | 3.811.860 | 3.811.860 | **15,00** |
| BEARER SHARES | 93.318 | - | 338.427 | 431.745 | **1,70** |
| **TOTAL** | **13.664.044** | **7.559.955** | **4.195.708** | **25.419.707** | **100,00** |

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

**Privileges Granted to the Share Groups**

The Company is directed by the fourteen members of the Board of Directors elected among shareholders by General Assembly in accordance with the regulations of Turkish Commercial Code.

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

**31 December 2015**

| | |
|---|---|
| Paid-in share capital | 25.419.707 |
| Adjustment to share capital | 86.901.880 |
| Restricted reserves | 162.363.654 |
| Retained earnings | 31.047.813 |
| Gain/(loss) on revalution and remeasurement | (115.217) |
| Net profit for the year | 17.743.897 |
| **Shareholders' equity attributable to equity holders of the Group** | **323.361.734** |
| **Non-controlling shares** | **-** |
| **Total shareholders' equity** | **323.361.734** |

**31 December 2014**

| | |
|---|---|
| Paid-in share capital | 25.419.707 |
| Adjustment to share capital | 86.901.880 |
| Restricted reserves | 159.657.537 |
| Retained earnings | 27.468.021 |
| Gain/(loss) on revalution and remeasurement | 112.998 |
| Net profit for the year | 34.342.260 |
| **Shareholders' equity attributable to equity holders of the Group** | **333.902.403** |
| **Non-controlling shares** | **-** |
| **Total shareholders' equity** | **333.902.403** |

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

**NOTE 17 – EQUITY (Continued)**

**Restricted reserves**

Restricted reserves are comprised of legal reserves and other reserves.

| | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Legal reserves | 22.477.015 | 19.770.898 |
| Real estate sale profit exemption | 138.437.248 | 138.437.248 |
| Profit reserves from sale of affiliates | 1.449.390 | 1.449.390 |
| Profit on cancelled shares certificates | 1 | 1 |
| **Total** | **162.363.654** | **159.657.537** |

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital, Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. In addition, the Group's profit on the sale of real estate, which is considered to be within the scope of Article 5/e of Corporate Income Tax Law No. 5520, is classified under this accounting category as a "Real estate sale profit exemption". As of 31 December 2015, the Group's total restricted reserves are TRY162.363.654 (31 December 2014: TRY159.657.537).

**Retained earnings**

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

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

| | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Extraordinary reserves | 5.965.961 | 2.386.169 |
| Inflation difference of legal reserves | 25.081.046 | 25.081.046 |
| Inflation difference of cancelled shares certificates | 806 | 806 |
| **Total** | **31.047.813** | **27.468.021** |

Quoted companies make profit distributions as follows:

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

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

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

**NOTE 17 – EQUITY (Continued)**

Group's retained earnings is TRY31.047.813 based on the consolidated financial statements prepared in according with TAS/TFRS Financial Reporting Standard for the period ended 31 December 2015.

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

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

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

**NOTE 18 - SALES AND COST OF SALES**

| **Sales** | **1 January 2015 - 31 December 2015** | **1 January 2014 - 31 December 2014** |
|---|---|---|
| Domestic sales | 933.302.777 | 660.676.015 |
| Foreign sales | 79.235.341 | 119.392.771 |
| Other sales | 5.216.151 | 8.077.122 |
| **Sales Total (Gross)** | **1.017.754.269** | **788.145.908** |
| Less: Discounts | (82.259.728) | (59.001.976) |
| **Sales (Net)** | **935.494.541** | **729.143.932** |
| **Cost of sales** | **(779.196.290)** | **(603.856.665)** |
| **Gross operating profit/loss** | **156.298.251** | **125.287.267** |

Cost of sales are summarised as follows;

| **Cost of Sales** | **1 January 2015 - 31 December 2015** | **1 January 2014 - 31 December 2014** |
|---|---|---|
| Direct raw material costs | 777.024.850 | 470.013.403 |
| Direct labor costs | 45.387.522 | 32.378.029 |
| Depreciation and amortisation expenses | 16.171.839 | 12.041.145 |
| Manufacturing overhead costs | 15.930.359 | 11.497.622 |
| **Total cost of production** | **854.514.570** | **525.930.199** |
| Change in semi-finished and finish goods inventory | (140.642.755) | (12.540.965) |
| Cost of trade goods sold | 62.723.348 | 87.803.953 |
| Other cost of sales | 2.601.127 | 2.663.478 |
| **Total cost of sales** | **779.196.290** | **603.856.665** |

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

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

| **a) Research and development expenses** | **1 January 2015 – 31 December 2015** | **1 January 2014 – 31 December 2014** |
|---|---|---|
| Personnel expenses | (782.012) | (583.502) |
| Trade goods quality enhancement expenses | (2.085.416) | (1.450.875) |
| Depreciation and amortisation expenses | (487.488) | (170.588) |
| Other | (309.904) | (168.634) |
| **Total Research and Development Expenses** | **(3.664.820)** | **(2.373.599)** |

| **b) Marketing, selling and distribution expenses** | | |
|---|---|---|
| Domestic sales expenses | (7.628.031) | (7.297.435) |
| Export expenses | (7.713.272) | (11.612.551) |
| Personnel expenses | (10.210.609) | (8.437.329) |
| Advertising expenses | (8.714.878) | (7.475.542) |
| Warranty expenses | (14.716.123) | (9.175.455) |
| Depreciation and amortisation expenses | (1.667.428) | (1.512.836) |
| Other | (19.472.903) | (16.967.468) |
| **Total Marketing, Selling and Distribution Expenses** | **(70.123.244)** | **(62.478.616)** |

| **c) General and administrative expenses** | | |
|---|---|---|
| Personnel expenses | (13.610.575) | (11.351.606) |
| Provisions for employee termination benefits | (987.068) | (912.702) |
| Service and work expenses | (11.806.964) | (9.988.907) |
| Depreciation and amortisation expenses | (1.501.845) | (999.039) |
| Insurance expenses | (1.529.012) | (1.090.205) |
| Other | (6.665.966) | (5.645.605) |
| **Total General and Administrative Expenses** | **(36.101.430)** | **(29.988.064)** |

## NOTE 20 - EXPENSES BY NATURE

| | **1 January 2015 - 31 December 2015** | **1 January 2014 – 31 December 2014** |
|---|---|---|
| Direct material costs | 777.024.850 | 470.013.403 |
| Cost of trade goods sold | 62.723.348 | 87.803.953 |
| Cost of other goods sold | 2.601.127 | 2.663.478 |
| Change in goods inventory | (140.642.755) | (12.540.965) |
| Other operational expenses | 80.642.469 | 70.872.677 |
| Personnel expenses | 70.977.786 | 53.663.168 |
| Depreciation and amortisation expenses | 19.828.600 | 14.723.608 |
| Other production expenses | 15.930.359 | 11.497.622 |
| **Total expenses** | **889.085.784** | **698.696.944** |

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 21 - OTHER OPERATING INCOME/EXPENSES

| **Other operating income:** | **1 January 2015 - 31 December 2015** | **1 January 2014 - 31 December 2014** |
|---|---|---|
| Foreign Exchange Income on Trade Receivable and Payables | 1.863.154 | 5.415.203 |
| Rediscount Income on Trade Payables | 3.602.206 | 2.142.431 |
| Rent income | 57.404 | 86.583 |
| Service income | 259.101 | 376.099 |
| MESS support income | 807.513 | - |
| Tubitak R&D incentive | 914.450 | 944.300 |
| Export support and price stabilization fund income | 101.442 | 140.957 |
| Stock count surpluses | 12.418 | 59.365 |
| Insurance indemnity income | 49.593 | 27.214 |
| Other | 1.987.608 | 1.274.275 |
| **Total** | **9.654.889** | **10.466.427** |

| **Other operating expenses:** | | |
|---|---|---|
| Foreign Exchange Expenses on Trade Receivable and Payables | (24.312.530) | (1.819.800) |
| Rediscount Expenses on Trade Receivables | (4.402.625) | (3.035.347) |
| Contribution expense | (149.095) | (1.114.700) |
| Other | (309.173) | (125.552) |
| **Total** | **(29.173.423)** | **(6.095.399)** |

## NOTE 22 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

| **Income from investing activities** | **1 January 2015 – 31 December 2015** | **1 January 2014 - 31 December 2014** |
|---|---|---|
| Gain on sale of Machinery and Equipment | 685.149 | 282.169 |
| Gain on sale of subsidiary shares | - | 25.225 |
| **Total** | **685.149** | **307.394** |

| **Expenses from investing activities** | **1 January 2015 - 31 December 2015** | **1 January 2014 – 31 December 2014** |
|---|---|---|
| Loss on sale of Machinery and Equipment | (93.660) | (218.779) |
| **Total** | **(93.660)** | **(218.779)** |

## NOTE 23 - FINANCIAL INCOME

| **Financial income:** | **1 January 2015 - 31 December 2015** | **1 January 2014 – 31 December 2014** |
|---|---|---|
| Interest income | 8.730.687 | 13.264.315 |
| Credit finance income | 1.125.431 | 1.602.879 |
| Foreign exchange gains | 17.104.847 | 8.088.217 |
| **Total** | **26.960.965** | **22.955.411** |

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

## NOTE 24 - FINANCIAL EXPENSES

| **Financial expenses:** | **1 January 2015 - 31 December 2015** | **1 January 2014 - 31 December 2014** |
|---|---|---|
| Interest expenses | (8.414.691) | (7.485.021) |
| Foreign exchange losses | (23.855.720) | (8.631.669) |
| Credit finance expenses | (2.024.129) | (1.486.602) |
| Other financial expenses | (2.142.670) | (1.568.991) |
| **Total** | **(36.437.210)** | **(19.172.283)** |

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

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

| **Account name** | **1 January 2015 – 31 December 2015** | **1 January 2014 – 31 December 2014** |
|---|---|---|
| Current income tax provision | (251.375) | (4.267.224) |
| Deferred tax (expense) / income - Income Statement | (10.195) | (80.275) |
| **Total tax (expense) / income – Income Statement** | **(261.570)** | **(4.347.499)** |
| Tax income / (expense) - Comprehesive Income Statements | 57.054 | 85.045 |
| **Total tax (expense) / income** | **(204.516)** | **(4.262.454)** |

| | **31 December 2015** | **31 December 2014** |
|---|---|---|
| Current period corporate tax | 251.375 | 4.267.224 |
| Prepaid taxes | (2.383.654) | (4.191.980) |
| **Taxes payable** | **(2.132.279)** | **75.244** |

i) Provision for Current Period Tax

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

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

Effective Corporate Tax Rates:

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

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

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

**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.

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

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

***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 TAS/TFRS's accounting standards and statutory tax financial statements. These differences are usually due to the recognition of revenue and expenses in different reporting periods for the TAS/TFRS standards and tax purposes.

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

| | 31 December 2015 | | 31 December 2014 | |
|---|---|---|---|---|
| | Cumulative Temporary Differences | Deferred Tax Assets/(Liabilities) | Cumulative Temporary Differences | Deferred Tax Assets/(Liabilities) |
| Inventories | 1.514.942 | 302.988 | 1.769.506 | 353.901 |
| Non-current assets | (42.575.959) | (8.515.191) | (37.184.966) | (7.436.993) |
| Provision for employee termination benefits | 13.546.911 | 2.709.382 | 12.493.579 | 2.498.716 |
| Guarantee provisions | 12.679.176 | 2.535.836 | 8.390.952 | 1.678.190 |
| Provision for employee benefits | - | - | 427.623 | 85.525 |
| Rediscount expenses/income (Net) | 2.659.816 | 531.963 | 1.860.432 | 372.086 |
| Law suit provisions | 912.832 | 182.566 | 687.176 | 137.435 |
| Other (Net) | - | - | 59.125 | 11.825 |
| **Total** | | **(2.252.456)** | | **(2.299.315)** |

| **Movements of deferred income tax:** | **1 January 2015 - 31 December 2015** | **1 January 2014 - 31 December 2014** |
|---|---|---|
| Opening | (2.299.315) | (2.304.085) |
| Deferred tax income on income statements | (10.195) | (80.275) |
| Deferred tax income on comprehensive income statements | 57.054 | 85.045 |
| **Total** | **(2.252.456)** | **(2.299.315)** |

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

| **Reconciliation of tax provision:** | **1 January 2015 - 31 December 2015** | **1 January 2014 - 31 December 2014** |
|---|---|---|
| **Income/ (Loss) from continuing operations** | **18.005.467** | **38.689.759** |
| Corporate tax rate (20%) | (3.601.093) | (7.737.952) |
| **Taxation effect:** | | |
| R&D deductions | 3.152.577 | 3.011.537 |
| - Income on R&D subsidies | 182.890 | 188.860 |
| - Non-deductible expenses for tax purposes | (32.292) | (10.858) |
| - Tax-free income | 36.348 | 210.758 |
| - Other | - | (9.844) |
| **Loss)/income tax provision on statements of income** | **(261.570)** | **(4.347.499)** |

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

## NOTE 26 - INCOME/(LOSS) PER SHARE

| | 1 January 2015 - 31 December 2015 | 1 January 2014 - 31 December 2014 |
|---|---|---|
| Net income/ (loss) for the period (TRY) | 17.743.897 | 34.342.260 |
| Weighted average number of shares with nominal value of Kr 1 each | 2.541.970.654 | 2.541.970.654 |
| **Income / (loss) per 100 share with nominal value of TRY1 each** | **0,6980** | **1,3510** |

## NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

### a) Related party balances:

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 2015**

| | Receivables | | Payables | |
|---|---|---|---|---|
| **1) Related Parties** | **Trade** | **Other** | **Trade** | **Other** |
| Payables to shareholders (*) | - | - | - | 9.109 |
| Anadolu Endüstri Holding A.Ş. | - | - | 6.042 | - |
| Itochu Corporation Tokyo | - | - | 135.144.834 | - |
| Isuzu Motors International Operation Thailand | - | - | 4.258.975 | - |
| Isuzu Motors Ltd. Tokyo | 1.170.210 | - | 3.214.906 | - |
| Çelik Motor Ticaret A.Ş. | 5.381.517 | - | - | - |
| Efestur Turizm İşletmeleri A.Ş. | - | - | 180.315 | - |
| Anadolu Bilişim Hizmetleri A.Ş. | - | - | 232.497 | - |
| Yazıcılar Holding A.Ş. | - | - | 8.074 | - |
| Adel Kalemcilik Tic. ve San. A.Ş. | - | - | 5.141 | - |
| AEH Sigorta Acenteliği A.Ş. | - | - | 96.588 | - |
| AEH Gayrimenkul Yatırımları A.Ş. | - | - | 1.914 | - |
| Migros Ticaret A.Ş. | - | - | 399.072 | - |
| **Total** | **6.551.727** | **-** | **143.548.358** | **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 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

**31 December 2014**

| | Receivables | | Payables | |
|---|---|---|---|---|
| **1) Related Parties** | **Trade** | **Other** | **Trade** | **Other** |
| Payables to shareholders (*) | - | - | - | 9.109 |
| Anadolu Endüstri Holding A.Ş. | 50.325 | - | - | - |
| Itochu Corporation Tokyo | - | - | 117.039.076 | - |
| Isuzu Motors International Operation Thailand | 390.713 | - | 21.007.658 | - |
| Isuzu Motors Ltd. Tokyo | 750.768 | - | 3.159.958 | - |
| Çelik Motor Ticaret A.Ş. | 415.195 | - | - | - |
| Efestur Turizm İşletmeleri A.Ş. | - | - | 62.226 | - |
| Anadolu Bilişim Hizmetleri A.Ş. | - | - | 1.277.004 | - |
| Anadolu Efes Biracılık ve Malt Sanayi A.Ş. | - | - | 424 | - |
| Adel Kalemcilik Tic. ve San. A.Ş. | 4.720 | - | - | - |
| AEH Sigorta Acenteliği A.Ş. | - | - | 22.374 | - |
| Anadolu Otomotiv Dış Ticaret A.Ş. | 90 | - | - | - |
| **Total** | **1.611.811** | **-** | **142.568.720** | **9.109** |

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

**b) Related party transactions:**

**1 January -31 December 2015**

| **Sales to related parties** | **Goods and Service sales** | **Sales of Fixed assets** | **Other income** | **Total revenues / Sales** |
|---|---|---|---|---|
| Isuzu Motors International Operation Thailand | 699.643 | - | - | **699.643** |
| Isuzu Motors Ltd. Tokyo | 2.657.610 | - | - | **2.657.610** |
| Isuzu Motors Co. Thailand Ltd. | 28.615 | - | - | **28.615** |
| Çelik Motor Ticaret A.Ş. | 5.533.255 | - | - | **5.533.255** |
| Ana Gıda İhtiyaç Maddeleri ve San. ve Tic. A.Ş. | 31.085 | - | - | **31.085** |
| Anadolu Sağlık Merkezi İktisadi İşletmesi | 3.338 | - | - | **3.338** |
| Adel Kalemcilik Tic. ve San. A.Ş. | - | - | 12.986 | **12.986** |
| Anadolu Motor Üretim ve Paz. A.Ş. | 433.569 | - | - | **433.569** |
| Kamil Yazıcı Yönetim ve Danışmanlık A.Ş. | 29.181 | - | - | **29.181** |
| Alternatifbank A.Ş. | - | - | 5.169.183 | **5.169.183** |
| Anadolu Efes Biracılık ve Malt Sanayi A.Ş. | 2.171 | - | - | **2.171** |
| **Total** | **9.418.467** | **-** | **5.182.169** | **14.600.636** |

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

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

**1 January -31 December 2014**

| Sales to related parties | Goods and Service sales | Sales of Fixed assets | Other income | Total revenues / Sales |
|---|---|---|---|---|
| Isuzu Motors International Operation Thailand | 1.357.087 | - | - | **1.357.087** |
| Isuzu Motors Ltd. Tokyo | 2.074.908 | - | - | **2.074.908** |
| Çelik Motor Ticaret A.Ş. | 1.104.021 | - | - | **1.104.021** |
| Anadolu Endüstri Holding A.Ş. | 43.693 | - | - | **43.693** |
| Adel Kalemcilik Tic. ve San. A.Ş. | - | - | 24.000 | **24.000** |
| Anadolu Bilişim Hizmetleri A.Ş. | 55.578 | - | - | **55.578** |
| Anadolu Motor Üretim ve Paz. A.Ş. | 539.477 | - | 12.000 | **551.477** |
| Anadolu Otomotiv Dış Ticaret A.Ş. | - | 140.750 | - | **140.750** |
| Anadolu Sağlık Merkezi İktisadi İşletmesi | 20.129 | - | - | **20.129** |
| Alternatifbank A.Ş. | - | - | 1.195.363 | **1.195.363** |
| **Total** | **5.194.893** | **140.750** | **1.231.363** | **6.567.006** |

**1 January -31 December 2015**

| Purchases from related parties | Goods and Service purchases | Fixed asset purchases | Other | Total expense/ Purchases |
|---|---|---|---|---|
| Anadolu Motor Üretim ve Paz. A.Ş. | 40 | - | - | **40** |
| Çelik Motor Ticaret A.Ş. | 13.346 | - | 869.562 | **882.908** |
| Anadolu Endüstri Holding A.Ş. | 4.640.130 | 1.300 | 6.000 | **4.647.430** |
| Itochu Corporation Tokyo | 268.960.989 | - | - | **268.960.989** |
| Isuzu Motors International Operation Thailand | 99.577.484 | - | - | **99.577.484** |
| Isuzu Motors Ltd. Tokyo | 10.939.134 | - | - | **10.939.134** |
| Isuzu Motors Ltd. Europe | 3.070 | - | - | **3.070** |
| Isuzu Motors Co. Thailand Ltd. | 21.100 | - | - | **21.100** |
| Isuzu Techno Co.,Ltd | 50.422 | - | - | **50.422** |
| Efestur Turizm İşletmeleri A.Ş. | 3.356.378 | - | - | **3.356.378** |
| Anadolu Bilişim Hizmetleri A.Ş. | 3.200.805 | 1.473.890 | - | **4.674.695** |
| Adel Kalemcilik Tic. ve San. A.Ş. | 23.065 | - | - | **23.065** |
| Anadolu Efes Biracılık ve Malt Sanayi A.Ş. | 6.911 | - | - | **6.911** |
| Alternatifbank A.Ş. | - | - | 293.117 | **293.117** |
| Anadolu Sağlık Merkezi İktisadi İşletmesi | 95.457 | - | - | **95.457** |
| AEH Gayrimenkul Yatırımları A.Ş. | 11.357 | - | - | **11.357** |
| Migros Ticaret A.Ş. | 70.156 | | | **70.156** |
| Oyex Handels Gmbh | 41.494 | - | - | **41.494** |
| Yazıcılar Holding A.Ş. | 2.844 | | 44.151 | **46.995** |
| **Total** | **391.014.182** | **1.475.190** | **1.212.830** | **393.702.202** |

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

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

**1 January -31 December 2014**

| **Purchases from related parties** | **Goods and Service purchases** | **Fixed asset purchases** | **Other** | **Total expense/ Purchases** |
|---|---|---|---|---|
| Çelik Motor Ticaret A.Ş. | 14.760 | - | 711.768 | **726.528** |
| Anadolu Endüstri Holding A.Ş. | 4.176.293 | 1.060 | 4.673 | **4.182.026** |
| Itochu Corporation Tokyo | 173.686.867 | - | - | **173.686.867** |
| Isuzu Motors International Operation Thailand | 103.718.899 | - | - | **103.718.899** |
| Isuzu Motors Ltd. Tokyo | 9.695.088 | - | - | **9.695.088** |
| Isuzu Motors Ltd. Europe | 19.625 | - | - | **19.625** |
| Efestur Turizm İşletmeleri A.Ş. | 2.771.424 | - | - | **2.771.424** |
| Anadolu Bilişim Hizmetleri A.Ş. | 1.965.482 | 2.928.238 | - | **4.893.720** |
| Anadolu Efes Biracılık ve Malt Sanayi A.Ş. | 9.140 | - | - | **9.140** |
| Anadolu Sağlık Merkezi İktisadi İşletmesi | 23.889 | - | - | **23.889** |
| AEH Sigorta Acenteliği A.Ş. | 948.871 | - | - | **948.871** |
| Anadolu Araçlar Ticaret A.Ş. | 140 | - | - | **140** |
| Alternatifbank A.Ş. | - | - | 259.227 | **259.227** |
| **Total** | **297.030.478** | **2.929.298** | **975.668** | **300.935.444** |

**c) Donations to Anadolu Eğitim ve Sosyal Yardım Vakfı:**

As per the Article No:19 in the Main Articles of Association of the Group, at least 2% - 5% of the Group's profit before tax following the distribution of 1st dividend shall be donated to Anadolu Eğitim ve Sosyal Yardım Vakfı as long as it is subject to tax exemption. TRY80.000 donation was made to Anadolu Eğitim ve Sosyal Yardım Vakfı in the current year. (31 December 2014: TRY1.100.000 donation was made).

**d) Key management compensation:**

| | **1 January 2015 - 31 December 2015** | **1 January 2014 - 31 December 2014** |
|---|---|---|
| Salaries and other short-term benefits | 5.818.790 | 3.621.766 |
| **Total** | **5.818.790** | **3.621.766** |

The benefits provided to top management (automotive group chairman, general manager and directors) included salaries, bonuses, premiums, and the employer's share of social security.

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

## NOTE 28 - FINANCIAL RISK MANAGEMENT

(a) Capital risk management

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

The Group's equity comprised of cash and cash equivalents (Note 4) and respectively share capital, capital reserves, profit reserves and retained earnings items (Note 17).

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 December 2015 | 31 December 2014 |
|---|---|---|
| Financial Liabilities | 438.877.837 | 209.035.920 |
| Total Shareholders' Equity | 323.361.734 | 333.902.403 |
| **Debt/Total equity** | **1,36** | **0,63** |

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

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

(b)Price risk

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

(c) Market risk

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

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

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

(d) Foreign exchange risk

Foreign currency transactions may result in foreign currency fluctuation risk.

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

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

**NOTE 28 - FINANCIAL RISK MANAGEMENT(Continued)**

**Sensitivity analysis of foreign exchange**

**31 December 2015**

| | Profit/Loss | |
|---|---|---|
| | **Appreciation of foreign currency** | **Depreciation of foreign currency** |
| If USD$ appreciated/(depreciated) against TRY by 10%; | | |
| 1- USD currency net asset/liability | (414.252) | 414.252 |
| 2- Hedged items (-) | - | - |
| **3- Net effect of USD (1+2)** | **(414.252)** | **414.252** |
| If EUR appreciated/(depreciated) against TRY by 10%; | | |
| 7- EUR currency net asset/liability | (16.068.754) | 16.068.754 |
| 5- Avro Riskinden Korunan Kısım (-) | - | - |
| **6- Net effect of EUR(4+5)** | **(16.068.754)** | **16.068.754** |
| If Other appreciated/(depreciated) against TRY by 10%; | | |
| 7- Other currency net asset/liability | (13.615.134) | 13.615.134 |
| 8- Hedged items (-) | - | - |
| **9- Net effect of Other (7+8)** | **(13.615.134)** | **13.615.134** |
| **TOTAL (3+6+9)** | **(30.098.140)** | **30.098.140** |

**Sensitivity analysis of foreign exchange**

**31 December 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 | (1.881.559) | 1.881.559 |
| 5- Hedged items (-) | - | - |
| **3- Net effect of USD (1+2)** | **(1.881.559)** | **1.881.559** |
| If EUR appreciated/(depreciated) against TRY by 10%; | | |
| 4- EUR currency net asset/liability | (4.033.740) | 4.033.740 |
| 5- Hedged items (-) | - | - |
| **6- Net effect of EUR(4+5)** | **(4.033.740)** | **4.033.740** |
| If Other appreciated/(depreciated) against TRY by 10%; | | |
| 7- Other currency net asset/liability | (10.923.707) | 10.923.707 |
| 8- Hedged items (-) | - | - |
| **9- Net effect of Other (7+8)** | **(10.923.707)** | **10.923.707** |
| **TOTAL (3+6+9)** | **(16.839.006)** | **16.839.006** |

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

## NOTE 28 - FINANCIAL RISK MANAGEMENT(Continued)

### Foreign currency position table

| | 31 December 2015 | | | | | 31 December 2014 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | TRY Amount | USD | EUR | JPY | Other | TRY Amount | USD | EUR | JPY | Other |
| 1. Trade receivables | 17.213.460 | 13.256 | 5.048.858 | 47.000.000 | - | 20.270.331 | 311.491 | 6.930.200 | - | - |
| 2a. Monetary financial assets | 9.638.540 | 26.994 | 2.990.397 | 2.075.456 | 1.812 | 19.091.992 | 786.688 | 5.098.489 | 148.972.711 | 1.184 |
| 2b. Non-monetary financial assets | - | - | - | - | - | - | - | - | - | - |
| 3. Other | 762.646 | - | - | 31.673.994 | - | 123.038 | - | - | 6.359.532 | - |
| **4. Total current assets (1+2+3)** | **27.614.646** | **40.250** | **8.039.255** | **80.749.450** | **1.812** | **39.485.361** | **1.098.179** | **12.028.689** | **155.332.243** | **1.184** |
| 5. Trade receivables | - | - | - | - | - | - | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - | - | - | - | - | - | - |
| 6b. Non-monetary financial assets | - | - | - | - | - | - | - | - | - | - |
| 7. Other | - | - | - | - | - | - | - | - | - | - |
| **8. Total non-current assets (5+6+7)** | - | - | - | - | - | - | - | - | - | - |
| **9. Total assets(4+8)** | **27.614.646** | **40.250** | **8.039.255** | **80.749.450** | **1.812** | **39.485.361** | **1.098.179** | **12.028.689** | **155.332.243** | **1.184** |
| 10. Trade payables | 144.873.664 | 1.464.773 | 790.305 | 5.735.668.108 | - | 146.138.447 | 9.065.166 | 2.048.215 | 6.168.240.300 | 803 |
| 11. Financial liabilities | 128.189.741 | - | 40.341.686 | - | - | 28.637.373 | - | 10.152.577 | - | - |
| 12a. Other monetary liabilities | 1.513.441 | 200 | 476.101 | - | - | 4.934.141 | 147.027 | 1.628.390 | - | - |
| 12b. Other non-monetary liabilities. | - | - | - | - | - | - | - | - | - | - |
| **13. Total current liabilities (10+11+12)** | **274.576.846** | **1.464.973** | **41.608.092** | **5.735.668.108** | - | **179.709.961** | **9.212.193** | **13.829.182** | **6.168.240.300** | **803** |
| 14. Trade payables | - | - | - | - | - | - | - | - | - | - |
| 15. Financial liabilities | 54.019.200 | - | 17.000.000 | - | - | 28.207.000 | - | 10.000.000 | - | - |
| 16a. Other monetary liabilities | - | - | - | - | - | - | - | - | - | - |
| 16b. Other non-monetary liabilities | - | - | - | - | - | - | - | - | - | - |
| **17. Total non-current liabilities (14+15+16)** | **54.019.200** | - | **17.000.000** | - | - | **28.207.000** | - | **10.000.000** | - | - |
| **18. Total liabilities (13+17)** | **328.596.046** | **1.464.973** | **58.608.092** | **5.735.668.108** | - | **207.916.961** | **9.212.193** | **23.829.182** | **6.168.240.300** | **803** |
| **19. Off-balance sheet derivative instruments net position (19a-19b)** | - | - | - | - | - | **41.537** | - | **(2.500.000)** | **366.635.000** | - |
| 19a. Total Amount of Hedged Assets | - | - | - | - | - | 7.093.287 | - | - | 366.635.000 | - |
| 19b. Total Amount of Hedged Liabilities | - | - | - | - | - | 7.051.750 | - | 2.500.000 | - | - |
| **20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)** | **(300.981.400)** | **(1.424.723)** | **(50.568.837)** | **(5.654.918.658)** | **1.812** | **(168.390.063)** | **(8.114.014)** | **(14.300.493)** | **(5.646.273.057)** | **381** |
| **21. Monetary Items Net Foreign Exchange Asset / (liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)** | **(301.744.046)** | **(1.424.723)** | **(50.568.837)** | **(5.686.592.652)** | **1.812** | **(168.554.638)** | **(8.114.014)** | **(11.800.493)** | **(6.019.267.589)** | **381** |
| **22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge** | - | | | | | - | | | | |
| **23. The Amount of Hedged part of Foreign Exchange Assets** | - | | | | | **(7.051.750)** | | | | |
| **23. The Amount of Hedged part of Foreign Exchange Liabilities** | - | | | | | **7.093.287** | | | | |
| **23. Export** | **79.235.341** | | | | | **119.392.771** | | | | |
| **24. Import** | **462.308.317** | | | | | **329.644.134** | | | | |

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

**NOTE 28 - FINANCIAL RISK MANAGEMENT(Continued)**

e) Interest rate risk

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

**Interest rate position table**

| | 31.12.2015 | 31.12.2014 |
|---|---|---|
| **Financial assets with fixed rates** | | |
| Financial assets | 75.274.455 | 94.493.229 |
| Cash and cash equivalents | (116.240.146) | (43.714.139) |
| **Financial liabilities with variable rates** | | |
| Finansal assets | - | - |
| Financial liabilities | (156.256.013) | (60.297.527) |

As of 31 December 2015, if the market interest rate had increased/decreased by 1% with all other variables held constant, income before taxes for the period would have been higher/lower by TRY1.562.560 (31 December 2014: TRY TRY602.975).

(f) Funding risk

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

(g) Credit risk management

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

Most of trade receivables are comprised of receivables from costumers who has given an adequate amount of guarantees. An effective control system was established to collect the receivables. Credit risk arising from transactions is followed and these risks are taken into account when assessing each debtor. Because there are so many costumers, The Group's credit risk is dispersed and there is no important credit risk concentration. Receivables from foreign customers as of 31 December 2015 are TRY17.213.460 and there is no geographical concentration (31 December 2014: TRY20.270.331).

| 31 December 2015 | Receivables | | | | Notes | Deposits in Banks | Notes |
|---|---|---|---|---|---|---|---|
| | Trade Receivables | | Other Receivables | | | | |
| | Related | Other | Related | Other | | | |
| **Maximum credit risk exposed as of the date of reporting (A+B+C+D+E)** | **6.551.727** | **279.220.471** | **-** | **1.297.825** | | **78.323.654** | |
| | | | | | | | |
| - The part of maximum risk secured by guarantee etc | - | 279.220.471 | - | - | **7** | - | |
| | | | | | | | |
| **A. Net book value of financial assets which are undue or which is not impaired** | **6.551.727** | **249.649.698** | **-** | **1.297.825** | **7-8-27** | **78.323.654** | **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** | - | **29.570.773** | - | - | - | - | |
| - Secured by guarantee and etc. | - | 29.570.773 | - | - | | - | |
| **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 28 - FINANCIAL RISK MANAGEMENT(Continued)**

| 31 December 2014 | Receivables | | | | | | |
|---|---|---|---|---|---|---|---|
| | Trade Receivables | | Other Receivables | | | Deposits in Banks | |
| | Other | Related | Other | Related | Notes | | Notes |
| **Maximum credit risk exposed as of the date of reporting (A+B+C+D+E)** | **1.611.811** | **229.092.922** | **-** | **533.055** | | **111.044.344** | |
| | | | | | | | |
| - The part of maximum risk secured by guarantee etc. | - | 229.092.922 | - | - | 7 | - | |
| | | | | | | | |
| **A. Net book value of financial assets which are undue or which is not impaired** | **1.611.811** | **205.949.319** | **-** | **533.055** | **7-8-27** | **111.044.344** | **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** | **-** | **23.143.603** | **-** | **-** | **-** | **-** | |
| - Secured by guarantee and etc. | - | 23.143.603 | - | - | | - | |
| **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** | **-** | **-** | **-** | **-** | | **-** | |

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

| | Receivable | | | | |
|---|---|---|---|---|---|
| **31 December 2015** | **Trade Receivable** | **Other Receivable** | **Bank Deposit** | **Derivative Instruments** | **Trade Receivable** |
| 1-30 days overdue | 26.613.696 | - | - | - | - |
| 1-3 months overdue | 2.957.077 | - | - | - | - |
| 3-12 months overdue | - | - | - | - | - |
| 1-5 years overdue | - | - | - | - | - |
| More than 5 years overdue | - | - | - | - | - |
| **Assets covered portion with guarantee letter etc.** | **29.570.773** | **-** | **-** | **-** | **-** |

| | Receivable | | | | |
|---|---|---|---|---|---|
| **31 December 2014** | **Trade Receivable** | **Other Receivable** | **Bank Deposit** | **Derivative Instruments** | **Trade Receivable** |
| 1-30 days overdue | 20.829.243 | - | - | - | - |
| 1-3 months overdue | 2.314.360 | - | - | - | - |
| 3-12 months overdue | - | - | - | - | - |
| 1-5 years overdue | - | - | - | - | - |
| More than 5 years overdue | - | - | - | - | - |
| **Assets covered portion with guarantee letter etc.** | **23.143.603** | **-** | **-** | **-** | **-** |

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

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

**NOTE 28 - FINANCIAL RISK MANAGEMENT(Continued)**

(h) Liquidity risk management

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

**Liquidity Risk Tables**

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

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

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

**31 December 2015**

**Non-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 |
|---|---|---|---|---|---|---|
| Bank borrowings | 272.496.159 | 291.773.124 | 7.296.718 | 144.559.522 | 139.916.884 | - |
| Corporate bonds issued | - | - | - | - | - | - |
| Financial Lease | - | - | - | - | - | - |
| Trade Payables | 244.939.780 | 246.003.138 | 153.647.880 | 92.355.258 | | - |
| Other Liabilities | 8.932.199 | 8.932.199 | 8.932.199 | - | - | - |
| **Non-derivative financial liabilities** | **526.368.138** | **546.708.461** | **169.876.797** | **236.914.780** | **139.916.884** | **-** |

**Derivative financial liabilities**

The Group had no derivative financial liabilities as of 31 December 2015.

**31 December 2014**

**Non-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 |
|---|---|---|---|---|---|---|
| Bank borrowing | 104.011.666 | 107.833.161 | 32.009.272 | 46.574.584 | 29.249.305 | - |
| Corporate bonds issued | - | - | - | - | - | - |
| Financial Lease | - | - | - | - | - | - |
| Trade Payables | 216.142.712 | 216.819.901 | 121.236.201 | 95.583.700 | - | - |
| Other Liabilities | 10.591.657 | 10.591.657 | 10.591.657 | - | - | - |
| **Non-derivative financial liabilities** | **330.746.035** | **335.244.719** | **163.837.130** | **142.158.284** | **29.249.305** | **-** |

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

**NOTE 28 - FINANCIAL RISK MANAGEMENT(Continued)**

**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 received | 7.093.287 | 7.093.287 | 2.838.011 | 4.255.276 | - | - |
| Derivative cash outflow | (7.051.750) | (7.025.719) | (2.811.538) | (4.214.181) | - | - |
| **Derivative financial liabilities** | **41.537** | **67.568** | **26.473** | **41.095** | **-** | **-** |

**NOTE 29 - FINANCIAL INSTRUMENTS**
**(Fair value and hedging disclosures)**

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

Objectives of Financial Risk Management

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

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

Level 1: Valuation of the financial assets and liabilities over the stock exchange prices of similar assets and liabilities resulting from the transactions in active markets.
Level 2: Valuation of the financial assets and liabilities over the price calculated on the basis of the data that is directly or indirectly observable in the market other than the stock exchange price of the relevant asset or liability determined on the first level.

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

The Group had no forward foreign exchange contracts for derivative financial instruments as of 31 December 2015.

| **31 December 2014** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Assets | - | 7.093.287 | **-** | **7.093.287** |
| Liability | - | (7.025.719) | **-** | **(7.025.719)** |
| Net | - | **67.568** | **-** | **67.568** |

The Group has a Forward Foreign Currency Purchase Agreement (EUR2.500.000 in return for JPY366.635.000) as of 31 December 2014. An expense accrual of TRY67.568 regarding this agreement is reflected in the financial statements.

**NOTE 30 - SUBSEQUENT EVENTS**

None.