YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

pwc

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Yazıcılar Holding A.Ş.

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Yazıcılar Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 31 December 2014 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 period 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.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Cad. No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul - Turkey
www.pwc.com/tr *Telephone: +90 (212) 326 6060, Facsimile: +90 (212) 326 6050*

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Yazıcılar Holding A.Ş. and its subsidiaries as at 31 December 2014 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other 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 11 March 2015.

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 2014 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

Burak Özpoyraz, SMMM
Partner

Istanbul, 11 March 2015

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

Consolidated Financial Statements as of December 31, 2014

TABLE OF CONTENTS

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2014 AND 2013

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Notes	**Audited December 31, 2014**	Audited December 31, 2013
ASSETS			
Current Assets		**1.961.498**	1.764.078
Cash and Cash Equivalents	6	**1.153.597**	1.187.152
Financial Instruments	7	**5.496**	10.617
Trade Receivables			
- Due From Related Parties	33.2	**14.632**	15.876
- Trade Receivables, Third Parties	9.1	**187.797**	169.177
Other Receivables			
- Other Receivables, Third Parties	10.1	**103.615**	71.430
Derivative Financial Instruments	35.1	**7.951**	16.468
Assets Used in Renting Activities	14.1	**164.510**	43.661
Inventories	11	**173.319**	157.984
Prepaid Expenses	20.1	**30.382**	27.965
Current Income Tax Assets	31.1	**9.838**	6.340
Other Current Assets	21.1	**110.361**	57.408
Non-Current Assets		**4.604.127**	4.649.120
Financial Instruments	7	**6.459**	6.459
Other Receivables			
- Other Receivables, Third Parties	10.2	**3.389**	3.398
Derivative Financial Instruments	35.1	**-**	9.943
Investments Accounted Through Equity Method	12	**2.861.421**	3.364.440
Investment Property	13	**149.123**	62.799
Assets Used in Renting Activities	14.2	**762.397**	522.548
Property, Plant and Equipment	15	**768.385**	553.688
Intangible Assets	16	**19.120**	15.884
Prepaid Expenses	20.2	**7.753**	28.653
Deferred Tax Assets	31.2	**16.295**	9.246
Other Non-Current Assets	21.2	**9.785**	72.062
TOTAL ASSETS		**6.565.625**	6.413.198

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2014 AND 2013

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Notes	**Audited December 31, 2014**	Audited December 31, 2013
LIABILITIES			
Current Liabilities		**1.032.111**	721.635
Short-Term Borrowings	8	**457.092**	337.678
Current Portion of Long-Term Borrowings	8	**352.394**	141.766
Trade Payables			
- Due to Related Parties	33.3	**1.768**	1.509
- Trade Payables, Third Parties	9.2	**141.840**	175.399
Other Payables			
- Due to Related Parties	33.4	**-**	4.582
- Other Payables, Third Parties	10.3	**39.764**	31.968
Derivative Financial Instruments	35.1	**-**	233
Income Tax Payable	31.1	**1.291**	11.662
Short-Term Provisions			
- Short-term Provisions For The Employee Benefits	18.1	**11.699**	10.318
- Other Short-term Provisions	18.2	**2.606**	1.994
Other Current Liabilities	21.3	**23.657**	4.526
Non-Current Liabilities		**1.065.638**	752.981
Long-Term Borrowings	8	**988.749**	699.938
Other Payables			
- Other Payables, Third Parties	10.3	**394**	412
Derivative Financial Instruments	35.1	**814**	-
Long-Term Provisions			
- Long-term Provisions For The Employee Benefits	18.1	**20.804**	19.551
Deferred Tax Liability	31.2	**43.275**	32.034
Other Non-Current Liabilities	21.4	**11.602**	1.046
EQUITY		**4.467.876**	4.938.582
Equity Attributable to Equity Holders of the Parent		**3.633.660**	4.110.416
Paid-in Share Capital	22	**160.000**	160.000
Share Premium		**9.474**	9.474
Other Comprehensive Income/Expense Not To Be Classified to Profit or Loss			
- Revaluation and Remeasurement Loss		**(4.634)**	(2.881)
Other Comprehensive Income/Expense To Be Classified to Profit or Loss			
- Currency Translation Differences		**(127.193)**	279.998
- Hedge Gain / Loss		**618**	(84)
- Revaluation and Reclassification Gain	22	**4.142**	(6.958)
Other Reserves		**(65.213)**	(65.213)
Restricted Reserves Allocated from Net Profit	22	**28.732**	25.303
Retained Earnings	22	**3.687.730**	2.519.664
Net Income / (Loss)		**(59.996)**	1.191.113
Non-Controlling Interest		**834.216**	828.166
TOTAL LIABILITIES AND EQUITY		**6.565.625**	6.413.198

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Notes	**Audited January 1,2014 – December 31,2014**	Audited January 1,2013 – December 31,2013
CONTINUING OPERATIONS			
Revenue	23	**1.989.732**	1.630.694
Cost of Sales (-)	23	**(1.591.382)**	(1.306.882)
GROSS PROFIT		**398.350**	323.812
General Administrative Expenses (-)	24	**(179.781)**	(159.044)
Marketing Expenses (-)	24	**(123.983)**	(103.504)
Research and Development Expenses (-)	24	**(1.278)**	(1.153)
Other Operating Income	26.1	**15.918**	11.707
Other Operating Expenses (-)	26.2	**(24.465)**	(22.659)
Gain from Investments Accounted Through Equity Method	12	**(126.013)**	841.236
OPERATING EXPENSE / INCOME		**(41.252)**	890.395
Income from Investing Activities	27.1	**14.382**	549.491
Expenses from Investing Activities (-)	27.2	**(5.078)**	(4.570)
OPERATING LOSS / PROFIT BEFORE FINANCIAL EXPENSE		**(31.948)**	1.435.316
Financial Income	28	**325.672**	165.211
Financial Expenses (-)	29	**(289.519)**	(148.878)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**4.205**	1.451.649
Tax Expense from Continuing Operations		**(30.977)**	(49.714)
- Current Period Tax Expense (-)	31.3	**(26.244)**	(46.852)
- Deferred Tax Expense	31.3	**(4.733)**	(2.862)
NET LOSS/ INCOME FOR THE PERIOD FOR CONTINUING OPERATIONS		**(26.772)**	1.401.935
Net Income for the Period for Non-Current Assets Held for Sale	30	**-**	52.045
NET LOSS / INCOME		**(26.772)**	1.453.980
Attributable to:		**(26.772)**	1.453.980
- Non-Controlling Interests		**33.224**	262.867
- Equity Holders of the Parent		**(59.996)**	1.191.113
Earnings per share (full TRL)	32	**(0,37)**	7,44
Earnings per share from continuing operations (full TRL)	32	**(0,37)**	7,25
Earnings per share from assets held for sale (full TRL)	32	**-**	0,19

As the details are stated in Note 12.1 there is an one-off item amounting to TRL 769.410 in the "Gain/(Loss) from Investments Accounted Through Equity Method" account which amounts to TRL 841.236 as of December 31, 2013.

If this one-off income has not been included to be in line with International Financial Reporting Standards, the Group would have TRL 684.570 net income for the year ended December 31, 2013, and net income attributable to equity holders of the parent would be TRL 471.328.

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Audited 01.01.2014 – 31.12.2014	Audited 01.01.2013 – 31.12.2013
NET LOSS / INCOME	**(26.772)**	1.453.980
OTHER COMPREHENSIVE INCOME		
Items Not To Be Reclassified To Profit or Loss		
Remeasurement Gain / (Loss) from Defined Benefit Plans	**(413)**	270
Share of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified To Profit or Loss	**(1.767)**	71
Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss		
- Deferred Tax Expense (-) / Income	**83**	(54)
Items To Be Reclassified To Profit or Loss		
Currency Translation Differences	**(750)**	11.918
Available for Sales Financial Investments Revaluation and Classification Loss/Gain	**-**	(27.499)
Share Of Other Comprehensive Income Of Investments Accounted Through Equity Method To Be Classified To Profit Or Loss	**(420.978)**	241.263
Tax Effect of Other Comprehensive Income To Be Classified To Profit or Loss		
- Deferred Tax Expense (-) / Income	**-**	1.375
OTHER COMPREHENSIVE EXPENSE / INCOME	**(423.825)**	227.344
TOTAL COMPREHENSIVE EXPENSE / INCOME	**(450.597)**	1.681.324
Attributable to:		
- Non-Controlling Interest	**6.541**	271.536
- Equity Holders of the Parent	**(457.138)**	1.409.788

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

			Other Comprehensive Income or Expense Not To Be Reclassified To Profit or Loss	Other Comprehensive Income or Expense To Be Reclassified To Profit or Loss					Retained Earnings				
	Paid-in Capital	Share Premium	Revaluation and Remeasurement Gain / Loss	Currency Translation Differences	Hedge Gain / Loss	Revaluation and Reclassification Gain / Loss	Other Reserves	Restricted Reserves Allocated from Net Income	Retained Earnings	Net Income /Loss	Attributable to Equity Holders of the Parent	Non-Controlling Interest	Equity
Balances as of January 1, 2013	160.000	9.474	(3.532)	44.252	31	21.293	(2.947)	21.832	1.653.739	909.396	2.813.538	662.062	3.475.600
Transfer of net income to the retained earnings	-	-	-	-	-	-	-	3.471	905.925	(909.396)	-	-	-
Capital increase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	5	5
Dividend paid	-	-	-	-	-	-	-	-	(40.000)	-	(40.000)	(5.498)	(45.498)
Transfers due to the change in scope of consolidation in associate (Note 12)	-	-	550	(21.682)	(31)	1.141	-	-	-	-	(20.022)	(1.380)	(21.402)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	8	8
Change in non-controlling interests due to change in scope of consolidation of the associate	-	-	-	-	-	-	(62.266)	-	-	-	(62.266)	(4.293)	(66.559)
Gain on disposal of subsidiary controlling interest	-	-	-	-	-	9.378	-	-	-	-	9.378	(94.274)	(84.896)
Total comprehensive income / expense	-	-	101	257.428	(84)	(38.770)	-	-	-	1.191.113	1.409.788	271.536	1.681.324
Balances as of December 31, 2013	160.000	9.474	(2.881)	279.998	(84)	(6.958)	(65.213)	25.303	2.519.664	1.191.113	4.110.416	828.166	4.938.582
Balances as of January 1, 2014	**160.000**	**9.474**	**(2.881)**	**279.998**	**(84)**	**(6.958)**	**(65.213)**	**25.303**	**2.519.664**	**1.191.113**	**4.110.416**	**828.166**	**4.938.582**
Transfer of net income to the retained earnings	-	-	-	-	-	-	-	3.429	1.187.684	(1.191.113)	-	-	-
Capital increase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1.507	1.507
Dividend paid	-	-	-	-	-	-	-	-	(20.000)	-	(20.000)	(8.624)	(28.624)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	382	-	382	6.626	7.008
Total comprehensive income / expense	-	-	(1.753)	(407.191)	702	11.100	-	-	-	(59.996)	(457.138)	6.541	(450.597)
Balances as of December 31, 2014	**160.000**	**9.474**	**(4.634)**	**(127.193)**	**618**	**4.142**	**(65.213)**	**28.732**	**3.687.730**	**(59.996)**	**3.633.660**	**834.216**	**4.467.876**

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Notes	**Audited** **01.01.2014 – 31.12.2014**	Audited 01.01.2013 – 31.12.2013
Cash flow from operating activities			
Income before tax from continuing operations		**4.205**	1.451.649
Adjustments			
Gain from disposal of property, plant and equipment, and intangible assets and assets used in renting activities		**(41.140)**	(34.315)
Depreciation and amortization	13, 14, 15, 16	**87.342**	69.714
Provision for impairment in doubtful receivables	26.2	**5.536**	718
Warranty provision / (cancellation)	18.2	**(43)**	215
Provision for vacation pay liability		**22**	1.266
Provision for employee termination benefits	18.1	**6.393**	3.697
Provision for bonus		**1.359**	623
Provision for impairment in assets used in renting activities	14	**642**	-
Other provisions		**655**	415
Reversal of provisions for impairment in inventories	11	**2.658**	(285)
Foreign exchange expense		**9.717**	84.918
Interest expenses		**88.358**	42.012
Gain on sale of financial investment		**(2.149)**	(1.592)
Loss/(gain) from investments accounted through equity method	12	**126.013**	(841.236)
Gain on sale of subsidiary controlling interest	27.1	**-**	(515.092)
Change in derivative financial instruments – receivables	35.1	**18.460**	(26.411)
Change in derivative financial instruments – liabilities	35.1	**581**	(831)
Other non-cash (income) / expense		**(1.331)**	3.864
Operating profit before changes in operating assets and liabilities		**307.278**	239.329
Change in trade and other receivables and due from related parties		**(22.912)**	(6.963)
Change in inventories		**(17.993)**	(3.994)
Change in other assets		**(53.378)**	(80.761)
Change in trade and other payables and due to related parties		**(10.215)**	84.684
Purchases of assets used in renting activities	14	**(644.045)**	(308.197)
Proceeds from sale of assets used in renting activities		**271.780**	73.891
Dividends received		**25.052**	81.695
Employee termination benefits paid	18.1	**(5.553)**	(4.023)
Taxes paid	31.1	**(40.979)**	(36.862)
Net cash (used in) / provided by operating activities		**(190.965)**	38.799
Cash flows used in investing activities			
Change in financial investments (net)		**7.270**	15.764
Purchase of property, plant and equipment, intangible asset and investment property	13, 15, 16	**(352.801)**	(276.443)
Proceeds from sale of property, plant and equipment, and intangible asset		**16.384**	41.525
Purchase of financial assets and participation in capital increase		**(10.879)**	(73.434)
Gain on sale of a share to non-controlling interests		**7.978**	-
Gain on disposal of subsidiary controlling interest		**-**	867.383
Net cash (used in) / provided by investing activities		**(332.048)**	574.795
Cash flows provided by financing activities			
Dividends paid to non-controlling interest shareholders		**(8.624)**	(5.498)
Capital increase of non-controlling shareholders		**1.507**	5
Dividend paid		**(20.000)**	(40.000)
Proceeds from borrowings from banks and other institutions		**9.902.487**	4.501.633
Repayments of borrowings and interest from banks and other institutions		**(9.317.828)**	(4.051.983)
Interest paid (-)		**(86.665)**	(37.721)
Net cash provided by financing activities		**470.877**	366.436
Currency translation on cash and cash transaction		**18.581**	25.786
Net (decrease) /increase in cash and cash equivalents		**(33.555)**	1.005.816
Cash and cash equivalents classified to assets held for sale		**-**	(449.626)
Cash and cash equivalent at the beginning of the period	6	**1.187.152**	630.962
Total cash and cash equivalent at the end of the period		**1.153.597**	1.187.152
Interest income		**55.960**	32.939
Dividend income		**184**	194

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

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Yazıcılar Holding A.Ş., a company incorporated in Istanbul, Turkey ("Yazıcılar" or the "Company") is a holding company of which majority shares are owned by three Yazıcı families. Three Yazıcı families consist of Mr. Kamil Yazıcı, his two deceased brothers, their wives and children. The Company controls its subsidiaries through Anadolu Endüstri Holding (AEH) in which it has 68,00% stake. Certain shares of the Company are listed on the Borsa Istanbul A.Ş. (BIST). The Company was incorporated in 1976.

The registered office address of the Company is Fatih Sultan Mehmet Mahallesi Balkan Caddesi No:58, Buyaka E Blok Ümraniye, İstanbul, Turkey.

The consolidated financial statements as of December 31, 2014 are authorized for issue by the Board of Directors on March 11, 2015, and are approved by the Chairman of the Board Salih Metin Ecevit and the General Manager Sezai Tanrıverdi on behalf of Board of Directors. General Assembly and other regulatory institutions have the right to change the statutory financial statements after the consolidated financial statements are issued.

Activities of the Group

The Company and its subsidiaries will be referred as the "Group" henceforth for the purposes of the consolidated financial statements.

The Group is organized and primarily managed in three principal segments: Automotive (including passenger vehicles, commercial vehicles, generators, spare and component parts, motor vehicle renting); retailing (stationery, chain restaurant management, information technologies and tourism) and other (trade, asset management, real estate, energy).

The average number of personnel of the Group for the year ended at December 31, 2014 is 6.821 (December 31, 2013: 6.447).

List of Shareholders

As of December 31, 2014 and December 31, 2013 the composition of shareholders and their respective percentage of shareholding rates can be summarized as follows:

	December 31, 2014		December 31, 2013	
	Amount	**%**	Amount	%
Yazıcı Families	**61.116**	**38,20**	61.116	38,20
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**53.687**	**33,55**	53.687	33,55
Publicly traded (*)	**45.197**	**28,25**	45.197	28,25
Paid-in share capital	**160.000**	**100,00**	160.000	100,00

(*) As of December 31, 2014 TRL 5.073 of the publicly traded portion of shares, which is 3,17% of the paid-in share capital, is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş. (December 31, 2013: TRL 5.073 of the publicly traded portion, which is 3,17% of the paid-in share capital).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES (cont'd)

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at December 31, 2014 and December 31, 2013 are as follows:

	Place of incorporation	Principal activities	Segment	Effective shareholding and voting rights % December 31, 2014	Effective shareholding and voting rights % December 31, 2013
Anadolu Endüstri Holding A.Ş. (AEH)	Turkey	Holding company	Other	**68,00**	68,00
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of Kia motor vehicles and motor vehicle renting	Automotive	**68,00**	68,00
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines, sale of tractors	Automotive	**67,93**	67,93
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş. (5)	Turkey	Inactive	Automotive	**68,00**	67,38
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik) (3)	Turkey	Inactive	Automotive	**34,65**	34,65
Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) (1) (2)	Turkey	Production of writing instruments under Adel, Johann Faber and Faber Castell brand names	Retailing	**38,68**	38,68
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü) (2)	Turkey	Distribution of the products of Adel, and other imported stationery products	Retailing	**49,76**	49,76
Efestur Turizm İşletmeleri A.Ş. (Efestur) (6)	Turkey	Arrangement of travelling and organization facilities of the Group	Retailing	**68,00**	67,92
Anadolu Bilişim Hizmetleri A.Ş. (ABH) (7)	Turkey	IT, internet and e-commerce services	Retailing	**66,43**	65,68
Oyex Handels GmbH (Oyex)	Germany	Trading of various materials used in the Group	Other	**68,00**	68,00
Anadolu Endüstri Holding Handels GmbH (AEH Handels)	Germany	Provides necessary market research of products abroad	Other	**68,00**	68,00
Anadolu Restoran İşletmeleri Limited Şirketi (McDonald's)	Turkey	Restaurant chain management	Retailing	**68,00**	68,00
Hamburger Restoran İşletmeleri A.Ş. (Hamburger)	Turkey	Restaurant chain management	Retailing	**68,00**	68,00
Artı Varlık Yönetim A.Ş. (Artı Varlık)	Turkey	Asset management	Other	**67,99**	67,99
Anadolu Taşıt Ticaret A.Ş. (Anadolu Taşıt)	Turkey	Industrial and commercial operations in automotive sector	Other	**68,00**	68,00
Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar) (8)	Turkey	Import, distribution and marketing of Geely motor vehicles, sale of Cooper Tires, Starfire and Avon tires	Automotive	**67,99**	67,97
Anadolu Termik Santralleri Elektrik Üretim A.Ş. (Anadolu Termik)	Turkey	Production of electricity (Investment in progress)	Other	**68,00**	68,00
AES Toptan Elektrik Tic. A.Ş. (AES Elektrik)	Turkey	Whole sale and retail sale of electricity and/or its capacity	Other	**68,00**	68,00
AEH Sigorta Acenteliği A.Ş. (AEH Sigorta)	Turkey	Insurance agency	Other	**68,00**	68,00
Anelsan Anadolu Elektronik Sanayi ve Ticaret A.Ş. (Anelsan) (4)	Turkey	Inactive (In liquidation process)	Retailing	**48,94**	48,94
Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya) (9)	Turkey	Production and transmission of electricity, and establishment and operation of distribution facilities	Other	**63,85**	68,00
Antek Teknoloji Ürünleri Pazarlama ve Ticaret A.Ş. (Antek Teknoloji) (10)	Turkey	Inactive	Automotive	**68,00**	67,97
Georgia Urban Enerji LLC (GUE) (9)	Georgia	Production and sale of electricity	Other	**57,47**	61,20
AEH Anadolu Gayrimenkul Yatırımları A.Ş. (11)	Turkey	Purchase, sale, rental and management of real estate	Other	**68,00**	67,99
Keyif Yiyecek Eğlence Hizmetleri A.Ş. (12)	Turkey	Restaurant and cafe management	Other	**68,00**	-
Ankara Anadolu Gayrimenkul Yatırımları A.Ş. (12)	Turkey	Purchase, sale and rental of real estate	Other	**68,00**	-

(1) Shares of Adel are quoted on BIST.

(2) AEH controls Adel and Ülkü through its shareholding of 56,89% and 68,78%, respectively. Moreover, Adel has 7,67% stake at Ülkü. As a result, Adel and Ülkü are controlled by Yazıcılar Holding A.Ş..

(3) Anadolu Motor and AEH have 50,00% and 1,00% shareholding at Anadolu Elektronik, respectively. As a result, Anadolu Elektronik is controlled by Yazıcılar Holding A.Ş..

(4) Ülkü controls Anelsan through its shareholding of 96,50%. As a result, Anelsan is controlled by Yazıcılar Holding A.Ş..

(5) Shares of AEH and Anadolu Motor, the subsidiaries of the Company and shares of Anadolu Isuzu, an associate of the Company and its subsidiary Ant Sınai ve Ticari Ürünler Pazarlama A.Ş. in Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş. amounting to 1,00% ,5,00%, 1,00% and 1,00% respectively have been transferred to Çelik Motor. As a result, the Company's shareholding rate in Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.increased to 68,00%. Anadolu Efes Dış Ticaret A.Ş., Efes Sınai Dış Ticaret A.Ş.and Anadolu Isuzu Dış Ticaret ve Sanayi A.Ş., which were subsidiaries of the Group as of June 30, 2014, have been merged under Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş..

(6) As a part of Anadolu Group's shareholding structure simplification process, shares of Ant Sınai ve Ticari Ürünleri A.Ş, the subsidiary of Anadolu Isuzu which is a joint venture of the Company, Çelik Motor and Anadolu Motor in Efestur amounting to 0,25%, 0,50% and 0,25% respectively have been transferred to AEH at February 17, 2014. As a result, the Company's shareholding rate in Efestur increased from 67,92% to 68,00%.

(7) Share capital of ABH, a subsidiary of the Company, has been increased on December 12, 2014. The only stakeholder that participated in the capital increase was AEH. As a result, AEH's shareholding rate in ABH increased from 94,26% to 96,10%. As a result of these transactions the Company has 66,43% stake at ABH.

(8) Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş. has become a partner in Anadolu Araçlar Ticaret A.Ş. at a 49,06% stake on December 17, 2014. As a result, AEH's shareholding rate in the Company decreased from 59,26% to 30,19% and Anadolu Motor's shareholding rate decreased from 40,74% to 20,75%. The Company's shareholding rate has increased to 67,99%.

(9) AEH's share in Anadolu Kafkasya amounting to 6,10% has been sold to Paravani Energy B.V. at January 31, 2014. As a result, the Company's share in GUE has decreased to 57,47% from 61,20%. Also, Anadolu Group Companies which have small portion of shares in Anadolu Kafkasya have transferred their shares to AEH. As a result of these transactions the Company has 63,85% stake at Anadolu Kafkasya.

(10) Çelik Motor has transferred 29,41% and Anadolu Motor has transferred 41,18% of its Antek Teknoloji shares to AEH on August 5, 2014. As a result, the Company's shares in Antek Teknoloji has increased to 68,00%.

(11) As a part of Anadolu Group's shareholding structure simplification process, Anadolu Motor's share in AEH Anadolu Gayrimenkul Yatırımları A.Ş. amounting to 0,01% has been transferred to AEH on February 24, 2014, as a result of the transfer the Company's shareholding rate has increased to 68,00%.

(12) AEH has participated in Keyif Yiyecek Eğlence Hizmetleri A.Ş. and Ankara Anadolu Gayrimenkul Yatırımları A.Ş., which were registered on August 11, 2014 as the only shareholder. As a result, Yazıcılar's shareholding rate in these companies is 68,00%.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES (cont'd)

Associates

The associates included in consolidation by equity method and its shareholding percentages at December 31, 2014 and December 31, 2013 are as follows:

	Country	Main activities	Effective shareholding and voting rights %	
			December 31, 2014	December 31, 2013
Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes) (*)	Turkey	Production, bottling and distribution of beer, sparkling and still beverages	**27,66**	27,66
Alternatifbank A.Ş. (ABank) (*)	Turkey	Banking Services	**17,00**	17,00

(*) Shares of Anadolu Efes and ABank are currently quoted on the BIST.

Joint Ventures

The investments in joint ventures accounted through equity method and their shareholding percentages at December 31, 2014 and December 31, 2013 are as follows:

	Country	Main activities	Effective shareholding and voting rights %	
			December 31, 2014	December 31, 2013
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu) (*)	Turkey	Manufacturing and selling of Isuzu brand vehicles	**37,56**	37,56
Ana Gıda İhtiyaç Maddeleri Sanayi ve Ticaret A.Ş. (Ana Gıda)	Turkey	Production and marketing of olive oil under Kırlangıç, Komili and Madra brands	**37,57**	37,57
Aslancık Elektrik Üretim A.Ş. (Aslancık)	Turkey	Electricity production	**22,67**	22,67
Faber-Castell Anadolu LLC	Russia	Trading of all kinds of stationery	**19,34**	19,34

(*) Shares of Anadolu Isuzu are currently quoted on the BIST.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Basis of Preparation of Financial Statements

The Group companies, which operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira in accordance with the Generally Accepted Accounting Principles in Turkey accepted by the Capital Markets Board (CMB), Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries and joint ventures keep their accounting books and statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate.

The consolidated financial statements are based on the statutory financial statements of the Group's subsidiaries and joint ventures and presented in TRL in accordance with CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities, financial statements are prepared on historical cost basis.

In accordance with the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II-14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated June 13, 2013, effective from interim periods beginning after September 30, 2013, listed companies are required to prepare their financial statements in conformity with Turkey Accounting/Financial Reporting Standards (TAS/TFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Basis of Preparation of Financial Statements (cont'd)

Furthermore, in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the condensed consolidated financial statement disclosures (Note 19, 34).

Financial Reporting in Hyperinflationary Economies

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

Functional and Presentation Currency

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'TRL', which is the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'financial income or expense'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income/expense'.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(iii) all resulting exchange differences are recognized in other comprehensive income.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Basis of Preparation of Financial Statements (cont'd)

Functional and local currencies of foreign subsidiaries are as follows:

		December 31, 2014	December 31, 2013
	Local Currency	**Functional Currency**	Functional Currency
AEH Handels	EUR	**EUR**	EUR
Oyex	EUR	**EUR**	EUR
GUE	Georgian Lari (GEL)	**GEL**	GEL

Comparative Information and Restatement of Prior Period Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements and significant changes are explained. Comparative figures have been reclassified to conform to changes in presentation in the current period consolidated financial statements. The amount, the reason and the nature of the reclassifications are stated below:

Consolidated Balance Sheet as of December 31, 2013	**Reported**	**Reclassifications**	**Restated**
Assets Used in Renting Activities (Current Assets)	-	43.661	43.661
Assets Used in Renting Activities (Non-Current Assets)	-	522.548	522.548
Property, Plant and Equipment	1.119.897	(566.209)	553.688

Vehicles used for renting purposes amounting to TRL 566.209 which was shown under Property, Plant and Equipment in the consolidated balance sheet as at December 31, 2013 is shown separately as current assets amounting to TRL 43.661 and as assets used in renting activities amounting to TRL 522.548 under Non-current assets.

Restatements in consolidated income statement as of December 31, 2013 are summarized below;

Consolidated Income Statement for the year ended on December 31, 2013	**Reported**	**Reclassifications**	**Restated**
Revenue	1.630.512	182	1.630.694
Cost of Sales (-)	(1.306.605)	(277)	(1.306.882)
General Administrative Expenses (-)	(159.321)	277	(159.044)
Other Operating Income	11.889	(182)	11.707

Building services income amounting to TRL 182 which was shown under other operating income in the consolidated income statement for the year ended December 31, 2013 is shown under revenue, cost of building services amounting to TRL 277 which was shown under general administrative expenses is shown under cost of sales.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Changes in Accounting Policies

New standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements as at December 31, 2014 are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and IFRIC interpretations summarized below.

The new standards, amendments and interpretations which are effective for the year end January 1, 2014:

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

- Amendments to IAS 36, 'Impairment of assets', effective from annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting, effective from annual periods beginning on or after 1 January 2014. These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

- IFRIC 21, 'Levies', effective from annual periods beginning on or after 1 January 2014. This interpretation is on IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities, effective from annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

The new standards, amendments and interpretations which are effective for the year end January 1, 2015:

- 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:

  - IFRS 2, 'Share-based payment'
  - IFRS 3, 'Business Combinations'
  - IFRS 8, 'Operating segments'
  - IFRS 13, 'Fair value measurement'
  - IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets'
  - Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and
  - IAS 39, Financial instruments – Recognition and measurement'

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

The new standards, amendments and interpretations which are effective for the year end January 1, 2015: (cont'd)

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycle of the annual improvements project, that affect 4 standards:

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

- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 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 IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

- Amendment to IFRS 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.

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the 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.

- Amendments to IAS 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 IFRS 10, 'Consolidated financial statements' and IAS 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 IFRS 10 and those in IAS 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.

- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2017. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB 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.

- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

The new standards, amendments and interpretations which are effective for the year end January 1, 2015: (cont'd)

- Amendments to IAS 16 'Property,plant and equipment', and IAS 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 IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

- Amendment to IAS 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 a fixed percentage of salary.

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

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

The Group will assess the impact of the changes on the operations and will apply as of the effective date.

Basis of Consolidation

The principal accounting policies adopted in preparing the consolidated financial statements of the Group are as follows:

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The consolidated financial statements of the Group include Yazıcılar Holding A.Ş. and subsidiaries under its control. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Subsidiaries (cont'd)

Non-controlling interests in the net assets of the subsidiaries included in consolidation, appears as a separate item in Group's equity. Non-controlling interest consists of non-controlling amount that already exists as of the first acquisition date and the amounts take place during the changes in the parent company's equity related to non-controlling interest after the first acquisition date. Losses exceeding the shares belonging to non-controlling interest are distributed to the shares of the Group, unless there is a mandatory obligation to compensate the recognized losses and an opportunity to make additional investments to cover the stated losses of the non-controlling interest. The equity and net income attributable to non-controlling shareholders' interests are shown separately in the consolidated balance sheet and income statement, respectively.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances. The balances given from subsidiaries are restated when necessary to conform to the Group's accounting policies.

Investments in Associates

The Group's investments in associates are accounted under the equity method of accounting. Investments in associates are undertakings over which the Group generally has between 20% and 50% of the voting rights and the Group has significant influence and which are not subsidiaries or joint ventures of the Group. The investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The income statement reflects the Group's share of the results of operations of the associates. The group's investment in associates includes goodwill identified on acquisition.

The Group's investments in associates which the Group has direct interest or indirect interest by its subsidiaries are accounted under the equity method of accounting considering direct or indirect shareholding rate in total. Non-controlling interest is calculated regarding the effective shareholding rate through its subsidiaries.

The investments valued accounted through equity method are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associates. The effect of the amounts that has not reflected to the profit or loss of the associate on the equity of the associate may require an adjustment on the book value of the associate. Group's share in these changes is directly being recorded in Group's equity.

Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Joint Ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and its subsidiaries together with one or more other parties. The Group's interest in joint ventures is accounted for under the equity method of accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Use of Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

The source of the risk carrying estimates, assumptions and calculation indefinitions which may cause to significant adjustments at assets and liabilities at following periods as of balance sheet date are; actuarial assumptions used for employee termination benefits, impairment of assets and useful lives of tangibles and intangibles. These estimates and assumptions are explained at related disclosure in detail.

Provision for doubtful receivables

Allowance for doubtful receivables reflect the future loss that the Group anticipates to incur from the trade receivables as of the balance sheet date which is subject to collection risk considering the current economical conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The provision for doubtful receivables is explained in the Note 9.1.

Provisions for impairment in inventories

During the assessment of the provision for impairment in inventory the followings are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to the technical personnel view. Sales prices listed, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories. As a result of this, the inventories with the net realizable values below the costs are explained in the Note 11.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Employee termination benefit

Discount rates are determined using actuarial valuations which involve making assumptions about future salary increases and employee turnover rates. The details related with the defined benefit plans are explained in Note 18.1.

Warranty provision

Group has determined the warranty provision by considering the realized warranty expense per each product in the previous years for each product model/type and the warranty period left per each product. Group also takes into consideration the warranty expenses that can be recourse to the manufacturer along with expenses of previous years and contracts and does not make provisions for these amounts.

Summary of Significant Accounting Policies

2.1 Revenue Recognition

Revenue is recognized on accrual basis based on the assumptions that delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is probable. Net sales are calculated after deducting sales returns and sales discounts.

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

- The Group transfers the significant risks and rewards of ownership of the goods to the buyer,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recorded as revenue according to its percentage of completion when it is calculated reliably. In the case that it cannot be calculated reliably, the revenue is recognized only to the extent of the associated expenses that are recoverable.

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

Dividend income is recognized when the right to receive payment is established.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.2 Inventories

Inventories are valued at the lower of cost and net realizable value after provision for obsolete and slow moving. Overheads that have been incurred in bringing the inventories to their present location and condition are accounted as stated below:

Costs are accounted for weighted average method for other companies. Finished goods and semi-finished goods include cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity. It excludes borrowing cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs incurred in order to realize sale.

2.3 Property, Plant and Equipment

Property, plant and equipment are carried with their cost after subtracting accumulated depreciation and impairment. Property, plant and equipment are depreciated principally on a straight-line basis. Land is not depreciated as it is deemed to have an indefinite life. The estimated useful lives of assets are as follows:

Land improvements	5-50 years
Buildings	20-50 years
Machinery and equipment	5-10 years
Motor vehicles	5 years
Furniture and fixtures	5 years
Leasehold improvements	Lower of lease period or useful life

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

The profit or loss as a result of selling property, plant and equipment is calculated as the difference between the carrying amount and proceeds and included in income statement in the period the asset is disposed.

2.4 Assets Used in Renting Activities

In the renting business, the ownership of the object which is subject to rent in the economic sense belongs to the renter. Assets used in renting covering motor vehicles are accounted with cost less depreciation calculated principally on a straight-line basis. Depreciation is calculated after reducing the residual value of the assets in accordance with their estimated useful lives (Note 14). The depreciable balance of assets used in renting is calculated by reducing the residual value calculated with expected market value at the end of the renting period from the cost. The residual value is the amount that is left after deducting the cost of sales at the end of the useful life of the Group. Residual values are accounted based on assumptions at the beginning. The residual values depend on the Group's extensive market conditions in the future market conditions.

Management periodically reviews if the residual values are appropriate, and in case there is a change in the value estimation, the change is recorded as a change in accounting estimate.Also vehicles used in renting which are in legal process with their lessees are subject to impairment testing.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.5 Investment Properties

Investment properties are stated at cost less accumulated depreciation and any impairment in value. Investment properties are depreciated on a straight-line basis over the estimated useful live which is 50 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development to sell.

2.6 Intangible Assets

(i) Goodwill and impairment of goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary, associate or joint venture at the date of acquisition. The carrying values of goodwill is annually reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. In accordance with IFRS 3, goodwill is tested for impairment at least annually.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.6 Intangible Assets (cont'd)

(ii) Other intangible assets

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the period in which it is incurred.

Useful lives of intangible assets are determined as either finite or infinite.

Intangible assets are amortized on a straight line basis over the estimated useful lives which are between 3 and 20 years. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.7 Impairment of Assets

All assets other than goodwill are tested whether there is an indication of impairment of asset or not for each periods of the balance sheet. If such an indication exists, recoverable amount of that asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.8 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs shall be recognized as an expense when incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.9 Financial Instruments

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of finance income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.9 Financial Instruments (cont'd)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Impairment of financial assets

(a) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.9 Financial Instruments (cont'd)

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, deposits at the Central Bank of Turkey, which are easily convertible into cash and do not carry any material value changes, have high liquidity, with an original maturity of three months or less. The amounts paid under the reverse repurchase agreements are included in cash and cash equivalents.

Repurchase (repo) and Resale (reverse repo) Transactions

The Group enters into sales of securities under agreements to repurchase such securities at a fixed price at a fixed future date. Such securities, which have been sold subject to a repurchase agreement ('repos'), are recognized in the balance sheet and are measured in accordance with the accounting policy of the security portfolio which they are part of. The difference between sale and repurchase price is treated as interest expense and accrued over the life of the repurchase agreement using the effective interest method. Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as loaned securities when the transferee has the right by contract or custom to sell or re-pledge the collateral. The counterparty liability for amounts received under these agreements is included in "Other Money Market Deposits".

Securities purchased with a corresponding commitment to resell at a fixed price at a specified future date ('reverse repos') are not recognized in the balance sheet, as the Group does not obtain control over the assets. Amounts paid under these agreements are included in other money market placements. The difference between purchase and resale price is treated as interest income and accrued over the life of the reverse repurchase agreement using the effective interest method.

Trade Receivables and Payables

Trade receivables from the supply of products and services to a buyer, are carried at net of deferred finance income. Trade receivables net of deferred finance income, which are initially recorded at original invoice amounts, are measured at amortized cost of the amounts that will be collected in the subsequent periods with the effective interest rate. Short term trade receivables which do not have a determined interest rate, when the interest accrual effect is immaterial, are measured at the original invoice values.

If the collection period for the trade receivables and trade payables is less than or equal to 1 year (or if it is longer as long as it is in the Company's normal operational cycle), these receivables and payables are classified as short-term receivables or payables. Otherwise, these are classified as long-term receivables or payables.

The Group provides allowance for doubtful receivables when there is an indication that the collections are not probable. Related provision amount is the difference between the book value of the receivable and the probable collection amount. The probable collection amount is the cash flows, including collections from guarantees, which are discounted at the effective interest rate of the original receivable.

Subsequent to provide allowance for doubtful receivable, when all or a portion of the doubtful receivable is collected, the collection is deducted from the allowance and recorded as other income.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

Funds Borrowed and Borrowings

All deposits and borrowings are initially recognized at the fair value of consideration received less directly attributable transaction costs. After initial recognition interest-bearing deposits and borrowings are subsequently measured at amortized cost using the effective interest method. Gains or losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.

Derivative Financial Instruments

The Group enters into transactions with derivative instruments including forwards, swaps and options in the foreign exchange and capital markets. These derivative transactions are considered as effective economic hedges under the Group's risk management policies; however since they do not qualify for hedge accounting under the specific provisions of IAS 39, they are treated as derivatives held for trading. Derivative financial instruments are initially recognized in the balance sheet at cost and subsequently are remeasured at their fair values.

Fair values are obtained from quoted market prices, to the extent publicly available, discounted cash flows and options pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

For derivatives that do not qualify for special hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the period.

2.10 Foreign Currency Transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Company and its Turkish subsidiaries, transactions in currencies other than TRL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The foreign currency income or expenses incurred from the translation of foreign currency denominated transaction or restatement of monetary items is reflected within the statement of income in the related period.

Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings are recognized in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.11 Earnings per Share

Earnings per share disclosed in the consolidated statement of income are determined by dividing net income by the weighted average number of shares in existence during the period concerned.

In Turkey, companies can raise their share capital by distributing shares ("Bonus Shares") to shareholders in their retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2.12 Subsequent Events

Subsequent events cover all events between the balance sheet date and authorization date of balance sheet for issue even if subsequent event has occurred after any announcement about the profit or any other selected financial information made public.

The Group; reflects the effect of such post-period-end adjusting events to the consolidated financial statements.

2.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine whether the possibility of an outflow of resources embodying economic benefits is probable. When the possibility of an outflow of resources embodying economic benefits is probable for the accounts classified as contingent liabilities, provision is provided in the financial statements for related contingent liabilities except for the situations there is not a reliable estimation.

The Group discloses the contingent liabilities that are probable but there is not a reliable estimation for the amount of resources embodying economic benefits.

Assets that result from previous events that cannot be controlled fully by the Group and depend on the realization of one or more uncertain events, is considered as a contingent asset. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.14 Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the comparative period are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.15 Leases

The Group as a Lessee

Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Lease

Leases where the lesser retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. These include rent agreements of premises, which are cancellable subject to a period of notice. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

The Group as a Lessor

Operating Lease

The Group presents assets subject to operating leases in the balance sheets according to their nature. Lease income from operating leases is recognized in income on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognized as a reduction of rental income over the lease term on a straight-line basis. Operating leases are amortized based on their cost after deducting their residual values.

IAS 16 "Property, Plant and Equipment", items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases.

2.16 Related Parties

Parties are considered related to the Group if;

(a) directly, or indirectly through one or more intermediaries, the party:
   - (i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
   - (ii) has an interest in the Company that gives it significant influence over the Company; or
   - (iii) has joint control over the Company;

(b) the party is an associate of the Company;
(c) the party is a joint venture in which the Company is a venture;
(d) the party is member of the key management personnel of the Company or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
(g) the party has a defined benefit plan for the employees of the Company or a related party of the Company.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.17 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group is organized and primarily managed in three principal segments: Automotive (including passenger vehicles, commercial vehicles, generators, spare and component parts, consumer durables; motor vehicle renting); retailing (stationery, chain restaurant management, information technologies, and tourism) and other (trade, asset management and energy).

2.18 Government Incentives and Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to such grants, and that the grants will be received. They are recognized as income over the period to match them with the related costs that they are intended to compensate. Income relating to government grants is recognized as a deduction from the appropriate expense.

2.19 Taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The current income tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.19 Taxes (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.20 Employee Termination Benefits

Defined Benefit Plan

In accordance with existing social legislation in Turkey, the Group companies operating in Turkey are required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the consolidated financial statements, the Group has reflected a liability using the Projected Unit Credit Method and based upon estimated inflation rates and factors derived using the Group's experience of personnel terminating their services and being eligible to receive such benefits and discounted by using the current market yield at the balance sheet date on government bonds.

Defined Contribution Plan

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are accrued.

2.21 Cash Flow Statement

Cash flows are classified according to operating, investing and financing activities in the statement of cash flow. Cash and cash equivalents are presented including interest accruals and acquisition costs.

Cash and cash equivalents are consist of cash on hand, check, demand deposits, time deposit with original maturity less than three months and other short-term highly liquid investments, whose maturities equal or less than three months, are easily convertible into cash and are subject to an insignificant risk of changes in value.

2.22 Provisions for Loans and Non-Performing Receivables

Loans and receivables are financial assets generated by providing goods or services to the debtor. These loans and receivables are recorded at acquisition cost and following the initial recording they are valued at amortized cost using the effective interest rate method. Cost of proceedings and other expenses related to these receivables are considered as part of the transaction cost. While obtaining loans and receivables, tax expenses incurred during the transactions are activated as transaction costs. The financial assets consisting of uncollectible receivables are classified under other assets and are recorded in the balance sheet through the effective interest method in accordance with the collection expectations created by management.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Summary of Significant Accounting Policies (cont'd)

2.22 Provisions for Loans and Non-Performing Receivables (cont'd)

The Company develops projections for future collections related to the carrying values of overdue receivables and makes estimations, assumptions and evaluations for the discount rate used for overdue receivables while calculating and recording the carrying values. The amortized costs are calculated using the effective interest rate method based on these projections and the related loans are evaluated this way. The positive or negative differences between the amortized costs of the calculated projections of the overdue receivables and the book values are recorded as income under financial income. Provisions are made for uncollectible receivables in case there is a new objective evidence of impairment after the initial recognition of corporate, SME and individual overdue receivables.

NOTE 3 - BUSINESS COMBINATIONS

Transactions for the year of 2014

None.

Transactions for the year of 2013

None.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 4 - JOINT VENTURES

Joint Ventures

			December 31, 2014			December 31, 2013		
Entity	**Principle activities**	**Country**	**Carrying value**	**Effective shareholding and voting rights %**	**Group's share of income/ (loss)**	Carrying value	Effective shareholding and voting rights %	Group's share of income/ (loss)
Anadolu Isuzu (*)	Manufacturing and selling of Isuzu brand commercial vehicles	Turkey	**128.936**	**37,56**	**13.197**	140.910	37,56	76.358
Ana Gıda	Production and marketing of olive oil under Kırlangıç, Komili and Madra Brands, sunflower and corn oil	Turkey	**32.478**	**37,57**	**(3.765)**	36.238	37,57	(676)
Aslancık	Production of electricity	Turkey	**37.638**	**22,67**	**(6.764)**	35.909	22,67	(5.760)
D Tes	Wholesale of electricity	Turkey	**-**	**-**	**-**	-	-	(5)
Faber-Castell Anadolu LLC	Trading of all kinds of stationery	Russia	**-**	**19,34**	**(1.769)**	748	19,34	(1.402)
			199.052		**899**	213.805		68.515

(*) Shares of Anadolu Isuzu are quoted on the BIST.

Summary financial information of the Group's joint venture Anadolu Isuzu is as follows:

	December 31, 2014	December 31, 2013
Anadolu Isuzu		
Total assets	**692.637**	648.009
Total liabilities	**358.735**	282.674
Net assets	**333.902**	365.335
Group's interest in net assets	**128.936**	140.910
Revenue	**729.144**	645.058
Net income for the period	**34.342**	198.746
Group's share in net income of the joint venture	**13.197**	76.358

Summary financial information of the Group's investment in joint venture Ana Gıda is as follows:

	December 31, 2014	December 31, 2013
Ana Gıda		
Total assets	**178.541**	178.813
Total liabilities	**112.313**	105.777
Net assets	**66.228**	73.036
Group's interest in net assets	**32.478**	36.238
Revenue	**268.423**	310.647
Net loss for the period	**(6.815)**	(1.224)
Group's share in net loss of the joint venture	**(3.765)**	(676)

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 4 - JOINT VENTURES (cont'd)

Summary financial information of the Group's investment in joint venture Aslancık is as follows:

	December 31, 2014	December 31, 2013
Aslancık		
Total assets	**485.114**	454.824
Total liabilities	**372.188**	347.087
Net assets	**112.926**	107.737
Group's interest in net assets	**37.638**	35.909
Revenue	**33.728**	-
Net loss for the period	**(20.294)**	(17.280)
Group's share in net loss of the joint ventures	**(6.764)**	(5.760)

Summary financial information of the Group's investment in other joint ventures is as follows:

	December 31, 2014	December 31, 2013
Other joint ventures		
Total assets	**4.758**	5.471
Total liabilities	**2.403**	4.859
Net assets	**2.355**	612
Group's interest in net assets	**-**	748
Revenue	**12.155**	8.815
Net loss for the period	**(4.115)**	(2.825)
Group's share in net loss of the joint ventures	**(1.769)**	(1.407)

(*) Group's interest in Faber Castell Anadolu LLC, a joint venture of the Group, is calculated as negative balance which is not appropriate for IAS/IFRS reporting, therefore share in net assets of investments accounted through equity method is adjusted in an amount that make balance of Faber Castell Anadolu LLC equal to zero.

NOTE 5 - SEGMENT REPORTING

The Group is organized and primarily managed in three principal segments: Automotive (including passenger vehicles, commercial vehicles, generators, spare and component parts, motor vehicle renting); retailing (stationery, chain restaurant management, information technologies and tourism) and other (trade, asset management, real estate, energy).

Since segment reporting and information used in the Group management reporting is consistent with consolidated balance sheet and consolidated income statement the Group does not need to perform reconciliation between the consolidated income statement, consolidated balance sheet and the segment reporting disclosure.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 5 - SEGMENT REPORTING (cont'd)

December 31, 2014	Automotive	Retailing	Other	Unallocated	Consolidated
Sales	1.088.776	807.235	93.721	-	1.989.732
Inter-segment sales	4.602	14.602	9.624	(28.828)	-
Total Sales	**1.093.378**	**821.837**	**103.345**	**(28.828)**	**1.989.732**
GROSS PROFIT	**196.965**	**168.174**	**53.377**	**(20.166)**	**398.350**
General administrative expenses (-)	(44.680)	(55.516)	(99.431)	19.846	(179.781)
Marketing expenses (-)	(57.502)	(67.279)	(594)	1.392	(123.983)
Research and development expenses (-)	(1.407)	-	-	129	(1.278)
Other operating income	5.198	4.717	5.977	26	15.918
Other operating expenses (-)	(1.414)	(17.994)	(5.095)	38	(24.465)
Gain/ (Loss) from the investments accounted through equity method (*)	-	(1.769)	-	(124.244)	(126.013)
OPERATING PROFIT / LOSS	**97.160**	**30.333**	**(45.766)**	**(122.979)**	**(41.252)**
Income from investing activities	1.421	5.728	7.159	74	14.382
Expenses from investing activities (-)	(145)	(3.655)	(1.306)	28	(5.078)
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	**98.436**	**32.406**	**(39.913)**	**(122.877)**	**(31.948)**
Financial income	34.251	5.539	285.930	(48)	325.672
Financial expenses (-)	(76.241)	(22.291)	(190.995)	8	(289.519)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**56.446**	**15.654**	**55.022**	**(122.917)**	**4.205**
Tax Expense from Continuing Operations	**(10.209)**	**(11.102)**	**(9.663)**	**(3)**	**(30.977)**
- Current period tax expense (-)	-	(8.078)	(18.166)	-	(26.244)
- Deferred tax income / (expense)	(10.209)	(3.024)	8.503	(3)	(4.733)
NET INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS	**46.237**	**4.552**	**45.359**	**(122.920)**	**(26.772)**
Attributable to:	**46.237**	**4.552**	**45.359**	**(122.920)**	**(26.772)**
- Non-controlling interest	(226)	-	(2.011)	35.461	33.224
- Equity holders of the parent	46.463	4.552	47.370	(158.381)	(59.996)
Total Assets	**1.385.890**	**569.041**	**3.165.366**	**1.445.328**	**6.565.625**
Investments accounted through equity method	-	-	-	2.861.421	2.861.421
Total Liabilities	**1.116.688**	**324.470**	**650.267**	**6.324**	**2.097.749**
Purchases of tangible & intangible assets, assets used in renting activities and investment property	688.111	119.120	189.615	-	996.846
Depreciation and amortization	54.151	25.075	8.125	(9)	87.342

(*) Income recognized from ABank and Anadolu Isuzu amounting TRL 47.550 and expense recognized from Anadolu Efes, Ana Gıda and Aslancık, amounting TRL 171.794 are recorded to gain/loss from the investments accounted through equity method in 'unallocated' segment; expense recognized from Faber Castel Anadolu LLC amounting to TRL 1.769 is recorded in "retailing" segment.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 5 - SEGMENT REPORTING (cont'd)

December 31, 2013	Automotive	Retailing	Other	Unallocated	Assests Held for Sale	Consolidated
Sales	850.504	707.655	72.535	-	-	1.630.694
Inter-segment sales	5.507	12.982	10.579	(29.068)	-	-
Total Sales	856.011	720.637	83.114	(29.068)	-	1.630.694
GROSS PROFIT	141.308	155.556	48.878	(21.930)	-	323.812
General administrative expenses (-)	(34.650)	(55.399)	(83.609)	14.614	-	(159.044)
Marketing expenses (-)	(46.670)	(58.643)	(80)	1.889	-	(103.504)
Research and development expenses (-)	(1.287)	-	-	134	-	(1.153)
Other operating income	3.548	2.839	8.853	(3.533)	-	11.707
Other operating expenses (-)	(4.622)	(11.274)	(6.953)	190	-	(22.659)
Gain/(Loss) from the investments accounted through equity method (*)	-	(1.402)	-	842.638	-	841.236
OPERATING PROFIT / LOSS	57.627	31.677	(32.911)	834.002	-	890.395
Income from investing activities	13.128	25.208	521.832	(10.677)	-	549.491
Expenses from investing activities (-)	(52)	(396)	(4.122)	-	-	(4.570)
OPERATING PROFIT BEFORE FINANCIAL EXPENSE	70.703	56.489	484.799	823.325	-	1.435.316
Financial income	5.685	2.412	158.846	(1.732)	-	165.211
Financial expenses (-)	(75.923)	(10.747)	(63.030)	822	-	(148.878)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	465	48.154	580.615	822.415	-	1.451.649
Tax Expense from Continuing Operations	(755)	(7.084)	(41.873)	(2)	-	(49.714)
- Current period tax expense (-)	-	(7.964)	(38.888)	-	-	(46.852)
- Deferred tax income / (expense)	(755)	880	(2.985)	(2)	-	(2.862)
NET INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS	(290)	41.070	538.742	822.413	-	1.401.935
NET INCOME FOR THE PERIOD FROM ASSETS HELD FOR SALE	-	-	-	-	52.045	52.045
Attributable to:	(290)	41.070	538.742	822.413	52.045	1.453.980
- Non-controlling interest	(131)	-	(694)	242.468	21.224	262.867
- Equity holders of the parent	(159)	41.070	539.436	579.945	30.821	1.191.113
Total Assets	993.723	457.224	3.145.438	1.816.813	-	6.413.198
Investments accounted through equity method	-	748	-	3.363.692	-	3.364.440
Total Liabilities	743.192	199.668	538.455	(6.699)	-	1.474.616
Purchases of tangible & intangible assets, assets used in renting activities and investment property	333.490	65.707	185.443	-	-	584.640
Depreciation and amortization	46.142	21.113	2.469	(10)	-	69.714

(*) Income recognized from Anadolu Efes, ABank and Anadolu Isuzu amounting TRL 849.079 and expense recognized from Aslancık, Ana Gıda and D Tes amounting TRL 6.441 are recorded to gain/loss from the investments accounted through equity method in 'unallocated' segment; and expense recognized from Faber Castel Anadolu LLC amounting to TRL 1.402 is recorded in "retailing" segment.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 5 - SEGMENT REPORTING (cont'd)

Substantially all of the consolidated revenue is obtained from operations located in Turkey.

Associate: The Group's effective shareholding rate for Anadolu Efes is 27,66% (December 31, 2013: 27,66%). The operations of Anadolu Efes and its subsidiaries consist of production, distribution and marketing of beer under a number of trademarks and selling and distribution of sparkling and still beverages with The Coca-Cola Company trademark principally in Turkey, Central Asia and Middle East. The result of these operations, for the years ended December 31, 2014 and December 31, 2013 are reflected in "gain/loss from the investments accounted through equity method" line of the consolidated income statement as loss amounting to TRL 161.265 and gain amounting to TRL 771.457 respectively. Group has 17,00% shareholding rate at ABank (December 31, 2013: 17,00%). The result of ABank's operations for the period ended December 31, 2014 is reflected in "gain/loss from the investments accounted through equity method" line of the consolidated income statement as gain amounting to TRL 34.353 (December 31, 2013: TRL 1.264).

NOTE 6 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	December 31, 2014	December 31, 2013
Cash on hand	**1.865**	1.895
Cash in banks	**1.144.799**	1.182.814
Other	**6.933**	2.443
	1.153.597	1.187.152

	December 31, 2014			December 31, 2013		
	Amount	**Maturity**	**Interest rate %**	Amount	Maturity	Interest rate %
Cash in banks						
Demand deposit	**40.380**	-	-	71.693	-	-
-EUR	**8.430**	-	-	10.293	-	-
-USD	**7.432**	-	-	34.467	-	-
-GBP	**-**	-	-	2	-	-
-TRL	**24.500**	-	-	23.513	-	-
-GEL	**18**	-	-	3.418	-	-
Time deposit	**1.104.419**			1.111.121		
-EUR	**18.457**	1 – 90 days	0,10 – 3,30	34.425	1 – 28 days	0,10 – 3,70
-USD	**987.192**	1 – 44 days	0,10 – 3,30	944.058	1 – 51 days	0,10 – 3,85
-TRL	**98.770**	1 – 45 days	6,00 – 11,15	132.638	1 – 49 days	4,00 – 10,00
	1.144.799			1.182.814		

Cash and cash equivalents of Yazıcılar as of December 31, 2014 amounts to TRL 87.706, cash and cash equivalents of AEH, a subsidiary of the Company amounts to TRL 931.883. (December 31, 2013: TRL 73.031 and TRL 954.128 respectively).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 7 - FINANCIAL INVESTMENTS

	December 31, 2014		December 31, 2013	
	Amount	**Effective interest rate %**	Amount	Effective interest rate %
Investment funds	**2.286**	**-**	1.652	-
Shares listed on the BIST	**400**	**-**	8.965	-
Credit card receivables	**2.810**	**-**	-	-
- Polinas Plastik ve Ticaret A.Ş. (Polinas)	**6.276**	**10,57**	6.276	10,57
- Other	**183**	**-**	183	-
	11.955		17.076	

NOTE 8 - BORROWINGS

	December 31, 2014	December 31, 2013
Bank borrowings	**457.092**	337.678
Current portion of long term borrowings	**301.613**	140.991
Bonds issued (*)	**50.000**	-
Interest expense accruals of bonds issued (*)	**781**	775
Short term borrowings	**809.486**	479.444
Bank borrowings	**988.749**	649.938
Bonds issued (*)	**-**	50.000
Long term borrowings	**988.749**	699.938
Total borrowings	**1.798.235**	1.179.382

(*) Çelik Motor, a subsidiary of the Company, has issued a bond to qualified investors without public offering at April 22, 2013, with 728 days maturity and fixed coupon payment in every 6 months. The carrying amount of the bonds amounts to TRL 50.781 as of December 31, 2014 (December 31, 2013: 50.775).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 8 - BORROWINGS (cont'd)

As of December 31, 2014, the Group does not have any secured bank borrowings (December 31, 2013: None).

	December 31, 2014			December 31, 2013		
Short term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**330.203**	**9,3% - 14,3%**	**-**	201.660	5,3% - 12,9%	-
Borrowing in foreign currency (EUR)	**307.034**	**2,5% - 6,3%**	**Libor + (3,2%)**	205.411	2,5% - 6,3%	Libor + (3,2%)
Borrowing in foreign currency (USD)	**122.249**	**2,4% - 6,1%**	**Libor + (3% - 3,9%)**	72.373	2,6% - 6,1%	Libor + (2,5% - 4,2%)
Bonds issued in Turkish Lira	**50.000**	**3,9%**	**-**	-	-	-
	809.486			479.444		
Long term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**65.320**	**8,6% - 12,5%**	**-**	94.611	8,6% - 12,8%	-
Borrowing in foreign currency (EUR)	**439.621**	**3,2% - 4,9%**	**Libor + (3,2%)**	251.891	3,0% - 6,3%	Libor + (3,2%)
Borrowing in foreign currency (USD)	**483.808**	**2,9% - 3,5%**	**Libor + (3,0% - 4,4%)**	303.436	5,6% - 6,1%	Libor + (3,5% - 3,9%)
Bonds issued in Turkish Lira	**-**	**-**	**-**	50.000	3,9%	-
	988.749			699.938		
	1.798.235			1.179.382		

Repayments schedules of long-term borrowings are as follows:

	December 31, 2014	December 31, 2013
2015	**-**	125.374
2016	**296.701**	297.054
2017	**207.995**	28.264
2018	**33.624**	28.254
2019 and thereafter	**450.429**	220.992
	988.749	699.938

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 9 - TRADE RECEIVABLES AND TRADE PAYABLES

9.1 Trade Receivables, Third Parties

	December 31, 2014	December 31, 2013
Trade receivables	**120.435**	120.677
Notes receivable and post-dated cheques	**70.577**	50.505
Less: provision for doubtful trade receivables	**(3.215)**	(2.005)
	187.797	169.177

As of December 31, 2014, the Group has no long term trade receivables from third parties (December 31, 2013: None).

Movement of provision for doubtful trade receivables is as follows:

	December 31, 2014	December 31, 2013
Balance at January 1	**2.005**	1.861
Provisions	**1.316**	247
Reversal of provision (collections)	**(106)**	(103)
Balance at the end of the period	**3.215**	2.005

The aging table of trade receivables, third parties as of December 31, 2014 and 2013 is as follows:

	Total	Neither past due nor impaired trade receivables	Past due but not impaired trade receivables				
			1 - 30 days	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years
2014	**187.797**	**171.466**	**11.962**	**1.706**	**1.117**	**1.546**	**-**
2013	169.177	159.859	4.148	420	4.410	340	-

The amount of collaterals taken for the past due but not impaired trade receivables is TRL 6.577 (December 31, 2013: TRL 5.514). Collaterals consist of letters of guarantee and mortgages.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 9 - TRADE RECEIVABLES AND TRADE PAYABLES (cont'd)

9.1 Trade Receivables, Third Parties (cont'd)

The total minimum collection of the receivables from non-cancelable operational leases of Çelik Motor, a subsidiary of the Group, for subsequent periods is as follows:

	December 31, 2014	December 31, 2013
(i) Less than one year	**188.163**	155.627
(ii) Between one year and five years	**167.096**	118.369
	355.259	273.996

9.2 Trade Payables, Third Parties

	December 31, 2014	December 31, 2013
Trade Payables	**141.840**	175.399
	141.840	175.399

As of December 31, 2014, the Group has no long term trade payables, third parties (December 31, 2013: None).

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

10.1 Other Short Term Receivables, Third Parties

	December 31, 2014	December 31, 2013
Receivables from loans (*)	**99.040**	67.543
Other	**4.575**	3.887
	103.615	71.430

(*) Receivables from loans consist of the loans carried at ABank and other banks that are transferred to Artı Varlık, a subsidiary of the Group. The amount of provision for the related receivable at the end of period is TRL 13.755. (December 31, 2013: TRL 13.819).

10.2 Other Long Term Receivables, Third Parties

	December 31, 2014	December 31, 2013
Deposits and collaterals given	**3.389**	3.398
	3.389	3.398

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 10 - OTHER RECEIVABLES AND PAYABLES (cont'd)

10.3 Other Short Term Payables, Third Parties

	December 31, 2014	December 31, 2013
Taxes payable	**33.491**	24.799
Due to personnel	**3.785**	2.676
Deposits and collaterals taken	**1.910**	1.891
Progress payment	**-**	1.955
Other	**578**	647
	39.764	31.968

As of December 31, 2014 the non-current portion of other payables to third parties is amounting to TRL 394 (December 31, 2013: TRL 412).

NOTE 11 - INVENTORIES

	December 31, 2014	December 31, 2013
Raw materials	**35.022**	29.332
Semi-finished goods	**9.479**	6.812
Finished goods	**50.359**	35.981
Merchandise	**80.894**	84.500
Others	**438**	1.574
Provisions for impairment in inventories (-)	**(2.873)**	(215)
	173.319	157.984

The movement of provision for impairment in inventories is as follows:

	December 31, 2014	December 31, 2013
Balance at January 1	**215**	500
Provision	**2.658**	76
Reversal (-)	**-**	(361)
Balance at the end of the period	**2.873**	215

Amount for provisions of impairment in inventories has been recorded in cost of sales account.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	December 31, 2014	December 31, 2013
Investment in associate	**2.662.369**	3.150.635
Interest in joint ventures (Note 4)	**199.052**	213.805
	2.861.421	3.364.440

12.1 Associates

			December 31, 2014			December 31, 2013		
Entity	Principle Activities	Country of business	**Carrying value**	**Effective shareholding and voting rights %**	**Group's share of income/(loss)**	Carrying value	Effective shareholding and voting rights %	Group's share of income/(loss)
Anadolu Efes (*)	Production, bottling and distribution of beer, sparkling and still beverages	Turkey	**2.281.668**	**27,66**	**(161.265)**	2.861.949	27,66	771.457
ABank (*)	Banking services	Turkey	**380.701**	**17,00**	**34.353**	288.686	17,00	1.264
			2.662.369		**(126.912)**	3.150.635		772.721

(*) Shares of Anadolu Efes and ABank are currently quoted on the BIST.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

12.1 Associates (cont'd)

Summary financial information of associate Anadolu Efes is as follows:

Summary balance sheet:	**Anadolu Efes**	Anadolu Efes
	December 31, 2014	December 31, 2013
Current Assets	4.497.418	4.959.127
Non-Current Assets	15.616.387	17.407.857
Total Assets	**20.113.805**	22.366.984
Short-Term Borrowings	875.643	1.740.442
Other Current Liabilities	1.658.080	1.406.860
Long-Term Borrowings	3.631.155	3.535.490
Other Non-Current Liabilities	2.124.988	2.222.266
Total Liabilities	**8.289.866**	8.905.058
Net Assets	**11.823.939**	13.461.926
Attributable to:		
Non-controlling interests	4.214.684	3.890.275
Net assets of the equity holders of the parent	**7.609.255**	9.571.651
Group's share in net assets	**2.281.668**	2.861.949

Summary income statement:	**Anadolu Efes**	Anadolu Efes
	December 31, 2014	December 31, 2013
Revenue	10.079.137	9.195.773
Net Loss / Income	(331.554)	2.852.990
Non-controlling interests	180.679	244.070
Equity holders of the parent	**(512.233)**	2.608.920
Group's share in net loss / income	**(161.265)**	771.457
-Non-controlling interest	(10.401)	49.757
-Equity holders of the parent	(150.864)	721.700

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

12.1 Associates (cont'd)

The movement of carrying value of the associate, Anadolu Efes in the consolidated financial statements as of December 31, 2014 and December 31, 2013 is as follows:

	December 31, 2014	December 31, 2013
Balance at January 1	**2.861.949**	2.013.618
Group's share in net loss / income (*)	**(161.265)**	771.457
Group's share in currency translation differences	**(433.628)**	267.634
Group's share in revaluation funds	**5.567**	(20.701)
Disposals from other reserves	**-**	(66.559)
Dividends received	**-**	(81.938)
Cash flow hedge reserve	**750**	(90)
Effect of change in subsidiary's consolidation scope (*)	**-**	(21.402)
Group's share in remeasurement funds	**(1.503)**	(70)
Eliminations due to transactions between Group companies	**9.798**	-
Balance at the end of the period	**2.281.668**	2.861.949

(*) Anadolu Efes, an associate of the Group, and the Coca Cola Export Corporation (TCCEC) which owns the 20,09% of Coco-Cola İçecek A.Ş. (CCI) has signed Shareholder Agreement related with the management of CCI. Anadolu Efes and TCCEC have decided to modify provisions of CCI's Articles of Association in particular those described as "major decisions". As a result of such amendment, TCCEC will have certain protective rights on such major decisions in accordance with the Shareholders Agreement. In addition to this, it was decided to amend CCBPL's (Coca-Cola Beverages Pakistan Ltd) Shareholders Agreement and the amendment process was completed in March 2013. As a result of such amendment which is effective from January 1, 2013, control power of CCBPL was transferred to CCI and CCBPL is included in CCI financials by using full consolidation method.

In accordance with IFRS, these transactions, which in fact do not include any consideration transferred, are accounted for as a business combination. With the change in scope of consolidation, the difference between the fair value and carrying value of CCI and CCBPL net assets, and also the currency translation differences, minority put option liability reserve, cash flow hedge reserve, actuarial gain/(loss) and other reserves attributable to previously held shares is recognized in the income statement under "Gain/(Loss) from Investments Accounted Through Equity Method" as a profit share from Anadolu Efes, which is amounting to TRL 769.410.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

12.1 Associates (cont'd)

Summary financial information of ABank, the Group's associate is as follows:

Summary balance sheet:	**ABank**	ABank
	December 31, 2014	December 31, 2013
Total Assets	11.205.416	10.848.655
Total Liabilities	10.238.188	10.249.829
Net asssets	**967.228**	598.826
Attributable to:		
Non-controlling interests	9.215	10.753
Net assets of the equity holders of the parent	**958.013**	588.073
Group's share in net assets	**380.701**	288.686

Summary income statement:	**ABank**	ABank
	December 31, 2014	December 31, 2013
Interest and fee and commission income	1.165.920	848.800
Net income	138.953	53.148
Non-controlling interests	232	(18)
Equity holders of the parent	**138.721**	53.166
Group's share in net income (*)	**34.353**	1.264

(*) The majority of the shares of ABank, which was a subsidiary, have been sold on July 18, 2013 and as of that date; ABank is recognized as an associate and accounted with equity method in the financial statements. Therefore, it indicates the Company's share of ABank's net income for the July 18 – December 31, 2013 time period.

The movement of carrying value of the associate ABank in the consolidated financial statements as of December 31, 2014 and December 31, 2013 is as follows:

	December 31, 2014	December 31, 2013
Balance at January 1 (*)	**288.686**	293.560
Capital increase	**50.000**	-
Group's share in net income	**34.353**	1.264
Group's share in revaluation funds	**8.572**	(6.127)
Group's share in remeasurement funds	**(100)**	(11)
Group's share in share premium	**5**	-
Group's share in gain on cancellation of shares	**(815)**	-
Balance at the end of the period	**380.701**	288.686

(*) Beginning of the period for year 2014 is January 1, 2014, and beginning of the period for year 2013 is July 18, 2013 on which majority shares of ABank, which was a subsidiary of the Company, were sold.

Based on the shareholders agreement signed with The Commercial Bank of Qatar (CBQ), AEH and Anadolu Motor, subsidiaries of the Group have an option to sell all of the 25% of ABank shares to CBQ (CBQ's liability to purchase). The mentioned selling option can be used between the 3rd and 5th years following the date of July 18, 2013 which is the date of CBQ's purchase of ABank shares.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

12.2 Joint Ventures

			December 31, 2014			December 31, 2013		
Entity	**Principle activities**	**Country**	**Carrying value**	**Effective shareholding and voting rights %**	**Group's share of income/ (loss)**	Carrying value	Effective shareholding and voting rights %	Group's share of income/ (loss)
Anadolu Isuzu (*)	Manufacturing and selling of Isuzu brand commercial vehicles	Turkey	**128.936**	**37,56**	**13.197**	140.910	37,56	76.358
Ana Gıda	Production and marketing of olive, sun flower and corn oils under Kırlangıç, Komili and Madra brands	Turkey	**32.478**	**37,57**	**(3.765)**	36.238	37,57	(676)
Aslancık	Production of electricity	Turkey	**37.638**	**22,67**	**(6.764)**	35.909	22,67	(5.760)
D Tes	Wholesale of electricity	Turkey	**-**	**-**	**-**	-	-	(5)
Faber-Castell Anadolu LLC	Trading of all kinds of stationery	Russia	**-**	**19,34**	**(1.769)**	748	19,34	(1.402)
			199.052		**899**	213.805		68.515

(*) Shares of Anadolu Isuzu are quoted on the BIST.

NOTE 13 - INVESTMENT PROPERTY

	December 31, 2014	December 31, 2013
Net book value at the beginning of the period	**62.799**	-
Additions	**86.687**	-
Transfers (*)	**-**	62.980
Depreciation charge for the period	**(363)**	(181)
Net book value at the end of the period	**149.123**	62.799
Cost	**153.424**	66.737
Accumulated depreciation	**(4.301)**	(3.938)
Net book value	**149.123**	62.799

(*) The balance consists of real estates transferred from tangible assets.

As of a result of valuation, the fair value of the investment property is calculated as TRL 586.451 as of December 31, 2014 (December 31, 2013: TRL 187.808).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 14 - ASSETS USED IN RENTING ACTIVITIES

14.1 Current Assets Used in Renting Activities

	December 31, 2014	December 31, 2013
Cost		
Balance at January 1	**46.461**	9.142
Additions	**207.447**	33.297
Disposals	**(283.429)**	(89.299)
Transfers	**201.124**	93.321
Balance at December 31	**171.603**	46.461
Accumulated depreciation		
Balance at January 1	**2.800**	2.183
Depreciation charge for the period	**2.025**	-
Disposals	**(48.644)**	(22.303)
Impairment	**642**	-
Transfers	**50.270**	22.920
Balance at December 31	**7.093**	2.800
Net carrying amount	**164.510**	43.661

14.2 Non-Current Assets Used in Renting Activities

	December 31, 2014	December 31, 2013
Cost		
Balance at January 1	**593.909**	412.330
Additions	**436.598**	274.900
Transfers	**(201.124)**	(93.321)
Balance at December 31	**829.383**	593.909
Accumulated depreciation		
Balance at January 1	**71.361**	51.605
Depreciation charge for the period	**45.895**	42.676
Transfers	**(50.270)**	(22.920)
Balance at December 31	**66.986**	71.361
Net carrying amount	**762.397**	522.548

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (PP&E)

Movements of property, plant and equipment for the year ended on December 31, 2014 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
At January 1, 2014	19.572	49.724	230.157	9.882	43.501	2.670	117.911	311.034	784.451
Additions	325	1.403	17.932	4.368	6.427	334	5.199	225.490	261.478
Disposals (-)	(36)	(17)	(14.179)	(1.967)	(1.261)	(268)	(4.577)	-	(22.305)
Currency translation differences	(6)	(637)	(178)	7	14	-	-	4.112	3.312
Transfers (*)	19.177	284.153	141.604	885	1.779	-	21.331	(470.935)	(2.006)
December 31, 2014	39.032	334.626	375.336	13.175	50.460	2.736	139.864	69.701	1.024.930
Accumulated depreciation									
At January 1, 2014	3.223	17.479	142.024	3.051	21.463	1.951	41.572	-	230.763
Depreciation charge for the period	627	2.640	16.962	2.199	5.270	173	7.767	-	35.638
Disposals (-)	-	(8)	(7.073)	(953)	(613)	(118)	(1.145)	-	(9.910)
Currency translation differences	7	(18)	72	1	(8)	-	-	-	54
December 31, 2014	3.857	20.093	151.985	4.298	26.112	2.006	48.194	-	256.545
Net carrying amount	35.175	314.533	223.351	8.877	24.348	730	91.670	69.701	768.385

(*) Property, plant and equipment amounting to TRL 2.006 is transferred to rights under intangible assets.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (PP&E) (cont'd)

Movements of property, plant and equipment for the year ended on December 31, 2013 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
At January 1, 2013	53.901	77.327	241.924	7.365	53.384	14.734	129.117	99.810	677.562
Additions	63	71	10.922	4.110	10.425	11	11.729	235.108	272.439
Disposals (-)	(1.149)	(9.489)	(11.525)	(1.865)	(2.455)	-	(3.465)	(1.747)	(31.695)
Currency translation differences	339	135	760	86	90	-	-	30.384	31.794
Disposal through sale of subsidiary controlling interest (-)	(408)	(415)	(27.224)	(639)	(19.495)	(12.075)	(37.460)	-	(97.716)
Transfers (*)	(33.174)	(17.905)	15.300	825	1.552	-	17.990	(52.521)	(67.933)
December 31, 2013	19.572	49.724	230.157	9.882	43.501	2.670	117.911	311.034	784.451
Accumulated depreciation									
At January 1, 2013	2.814	21.969	162.429	2.840	30.473	13.165	65.133	-	298.823
Depreciation charge for the period	369	1.539	11.982	1.249	3.468	190	5.852	-	24.649
Disposals (-)	(8)	(2.338)	(7.459)	(439)	(1.826)	-	(2.011)	-	(14.081)
Disposal through sale of subsidiary controlling interest (-)	-	(46)	(25.025)	(629)	(10.682)	(11.404)	(27.402)	-	(75.188)
Currency translation differences	48	112	97	30	30	-	-	-	317
Transfers (*)	-	(3.757)	-	-	-	-	-	-	(3.757)
December 31, 2013	3.223	17.479	142.024	3.051	21.463	1.951	41.572	-	230.763
Net carrying amount	16.349	32.245	88.133	6.831	22.038	719	76.339	311.034	553.688

(*) TRL 62.980 of property, plant and equipment are transferred to investment properties, and TRL 1.196 of property, plant and equipment is transferred to other intangible asset under intangible assets.

Property, Plant and Equipment (PP&E) held under finance lease

Property, Plant and Equipment gained thorugh financial leases as of December 31, 2013 is classified to investment property. (Note 13).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 16 - INTANGIBLE ASSETS

Movements of intangible assets for the year ended on December 31, 2014 are as follows:

	Rights	**Patents and licenses**	**Franchise**	**Other intangible assets**	**Total**
Cost					
January 1, 2014	**24.465**	**12**	**1.051**	**2.819**	**28.347**
Additions	**4.418**	**-**	**-**	**218**	**4.636**
Disposals (-)	**(36)**	**-**	**-**	**-**	**(36)**
Currency translation differences	**-**	**15**	**-**	**-**	**15**
Transfers	**2.006**	**-**	**-**	**-**	**2.006**
December 31, 2014	**30.853**	**27**	**1.051**	**3.037**	**34.968**
Accumulated amortization					
January 1, 2014	**11.411**	**3**	**449**	**600**	**12.463**
Amortization charge for the period	**3.313**	**3**	**53**	**52**	**3.421**
Disposals (-)	**(36)**	**-**	**-**	**-**	**(36)**
December 31, 2014	**14.688**	**6**	**502**	**652**	**15.848**
Net carrying amount	**16.165**	**21**	**549**	**2.385**	**19.120**

Movements of intangible assets for the year ended on December 31, 2013 are as follows:

	Rights	Patents and licenses	Franchise	Other intangible assets	Total
Cost					
January 1, 2013	74.557	12	1.051	2.282	77.902
Additions	3.043	-	-	961	4.004
Disposals (-)	(1.127)	-	-	-	(1.127)
Disposal through sale of subsidiary controlling interest (-)	(52.008)	-	-	(1.620)	(53.628)
Transfers	-	-	-	1.196	1.196
December 31, 2013	24.465	12	1.051	2.819	28.347
Accumulated amortization					
January 1, 2013	42.699	3	396	1.468	44.566
Amortization charge for the period	1.844	-	53	311	2.208
Disposals (-)	(1.127)	-	-	-	(1.127)
Disposal through sale of subsidiary controlling interest (-)	(32.005)	-	-	(1.179)	(33.184)
December 31, 2013	11.411	3	449	600	12.463
Net carrying amount	13.054	9	602	2.219	15.884

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 17 - GOVERNMENT INCENTIVES AND GRANTS

As of December 31, 2014, the Group has investment incentives amounting to TRL 1.494 (December 31, 2013: TRL 1.393). As of December 31, 2014 deferred tax asset calculated from related investment incentives amounts to TRL 299 (December 31, 2013: TRL 279).

NOTE 18 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

18.1 Provision for Employee Benefits

The provisions for employee benefits as of December 31, 2014 and December 31, 2013 are as follows:

	December 31, 2014	December 31, 2013
Short-term	**11.699**	10.318
Provision for bonus	**6.626**	5.267
Provision for vacation pay liability	**5.073**	5.051
Long-term	**20.804**	19.551
Provision for employee termination benefits	**20.804**	19.551
	32.503	29.869

Provision for Employee Termination Benefits

In accordance with the existing social legislation, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay (limited to a maximum of TRL 3,4382 /year at December 31, 2014 and TRL 3,2544/year December 31, 2013, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements as of December 31, 2014 and December 31, 2013 the Group reflected a liability calculated using the Projected Unit Method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The principal actuarial assumptions used at the balance sheet dates are as follows:

	December 31, 2014	December 31, 2013
Discount rate – yearly (%)	**3,18**	3,95
Turnover rate to estimate the probability of retirement (%)	**95,05**	95,87

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRL 3,5414 effective from 1 January 2015 (1 January 2014: TRL 3,4382) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 18 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

18.1 Provision for Employee Benefits (cont'd)

The movement of provision for employee termination benefits is as follows:

	December 31, 2014	December 31, 2013
Balance at January 1	**19.551**	24.445
Interest cost	**1.721**	1.596
Charge for the period (net)	**4.672**	2.101
Paid (-)	**(5.553)**	(4.023)
Disposals through sale of subsidiary controlling interest (-)	**-**	(5.085)
Actuarial gain/loss	**413**	517
Balance at the end of the period	**20.804**	19.551

18.2 Other Provisions

The provisions as of December 31, 2014 and December 31, 2013 are as follows:

	December 31, 2014	December 31, 2013
Provision for litigations	**1.993**	1.338
Warranty provisions (*)	**613**	656
	2.606	1.994

(*) Warranty provisions are resulting from sales of Anadolu Motor which is a subsidiary of the Company. Çelik Motor a subsidiary of the Company has the right of recourse the compensation payments of imported vehicles under warranty to the manufacturer company.

As of December 31, 2014, the Group has no long term provisions (December 31, 2013: None).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 19 - COMMITMENTS

As of December 31, 2014 and December 31, 2013 letter of guarantees, pledges and mortgages (GPMs) given in favor of the parent company and non-banking subsidiaries included in full consolidation are as follows:

31.12.2014	**Total TRL Equivalent**	**Original Currency TRL**	**Original Currency Thousand USD**	**Original Currency Thousand EUR**	**Original Currency Thousand JPY**	**Original Currency Thousand GEL**
Letter of guarantees, pledge and mortgages provided by the Company						
A. Total amount of GPMs given on behalf of the Company's legal personality	**256.146**	68.689	77.849	1.724	13.507	1.448
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	**61.504**	24.214	16.081	-	-	-
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-
D. Total amount of other GPM's	-	-	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	-	-	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-
	317.650	92.903	93.930	1.724	13.507	1.448

31.12.2013	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR
Letter of guarantees, pledge and mortgages provided by the Company				
A. Total amount of GPMs given on behalf of the Company's legal personality	144.148	47.250	42.100	2.399
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	58.535	24.214	16.081	-
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-
D. Total amount of other GPM's	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-
	202.683	71.464	58.181	2.399

As of December 31, 2014, the ratio of other GPMs over the Company's equity is 0%. (December 31, 2013: 0%).

ABH has service agreement liabilities for 1 to 5 years with its customers.

The Group's letter of guarantees, letters of guarantee, cheques and notes of guarantee, mortgage and other guarantees received from its customers in consideration of its receivables amount to TRL 156.641, TRL 1.247, TRL 32.859 and TRL 1.683, respectively (December 31, 2013: TRL 186.483, TRL 952, TRL 26.921 and TRL 2.693).

The tax authority and other authorities (Social Security Institution) can inspect tax returns and the related accounting records for a retrospective maximum period of five years. Group has not provided any tax provision regarding prior years.

AEH, one of the subsidiaries of the Company, has undertaken the obligation of preserving the corporate presence of McDonald's within the period of its license contract and the obligation of supporting to fulfill the financial and fiscal liabilities.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 19 - COMMITMENTS (cont'd)

AEH, which is a subsidiary of the Company, is a guarantor of the long term loan that GUE, which is a subsidiary of the Company, borrowed for construction of a hydroelectric power plant with a capacity of 87 MW in Georgia amounting to USD 115.500.000, for the period until start of electricity production following the fulfillment of specified conditions. "Total amount of GPMs given in favor of subsidiaries included in full consolidation" stated in the table of the letter of guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation consists of guarantee amounting to TRL 37.290 (December 31, 2013 : TRL 34.321)

Çelik Motor, the subsidiary, operates in motor vehicles lease business for the various rental periods.

AEH, the subsidiary of the Company, has acted as a guarantor in the proportion of its capital (33,33%), to its joint venture Aslancık's long term project finance loan which was taken in 2011 amounting to USD 160.000.000 in relation to its 120 MW hydro power plant under construction in Giresun.

Based on the Subscription and Shareholders Agreement, AEH, one of the subsidiaries of the Company, has granted a put option to SEEF Foods regarding its joint venture in Ana Gıda which may be exercisable between 2012 and 2014. As it is granted to the other shareholder of the joint venture, such put option is considered as derivative instrument with respect to IAS 39.

The Turkish Radio and Television Corporation (TRT) General Directorate has made total of 9 notifications to Anadolu Elektronik, a subsidiary of the Company, in 2013 for bandrole payments made between 2005-2010. The fees of the notifications include default interests, administrative fine and principal that amounts to TRL 16.673. In January 2014, Anadolu Elektronik has litigated against and since there is a high possibility of a favorable case result, there are not any provisions booked in the consolidated financial statements for the related notifications.

NOTE 20 – PREPAID EXPENSES

20.1 Short-term Prepaid Expenses

	December 31, 2014	December 31, 2013
Prepaid expenses	**20.749**	15.836
Advances given	**9.633**	12.129
	30.382	27.965

20.2 Long-term Prepaid Expenses

	December 31, 2014	December 31, 2013
Prepaid expenses	**5.364**	4.188
Advances given	**2.389**	24.465
	7.753	28.653

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 21 - OTHER ASSETS AND LIABILITIES

21.1 Other Current Assets

	December 31, 2014	December 31, 2013
VAT receivable	**103.989**	55.527
Personnel advances	**1.680**	367
Income accruals	**889**	405
Other current assets	**3.803**	1.109
	110.361	57.408

21.2 Other Non-Current Assets

	December 31, 2014	December 31, 2013
VAT receivable	**9.359**	22.062
Capital advance given	**200**	50.000
Other non-current assets	**226**	-
	9.785	72.062

21.3 Other Current Liabilities

	December 31, 2014	December 31, 2013
Advances taken	**15.669**	3.178
Deferred income	**7.978**	1.331
Other payables	**10**	17
	23.657	4.526

21.4 Other Non-Current Liabilities

	December 31, 2014	December 31, 2013
Deferred income	**11.602**	1.046
	11.602	1.046

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 22 - EQUITY

Shared Capital / Adjustments to Share Capital and Equity Instruments

	December 31, 2014		December 31, 2013	
	Amount	**%**	Amount	%
Yazıcı Families	**61.116**	**38,20**	61.116	38,20
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**53.687**	**33,55**	53.687	33,55
Publicly traded (*)	**45.197**	**28,25**	45.197	28,25
Paid-in share capital - historical	**160.000**	**100,00**	160.000	100,00
Inflation adjustment to share capital	**-**		-	
Total share capital	**160.000**		160.000	

(*) As of December 31, 2014 TRL 5.073 of the publicly traded portion of shares, which is 3,17% of the paid-in share capital, is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş. (December 31, 2013: TRL 5.073 of the publicly traded portion, which is 3,17% of the paid-in share capital).

Movement of paid in share capital as at December 31, 2014 and December 31, 2013 is as follows (historical amounts):

	December 31, 2014		December 31, 2013	
	Number of shares	**Amount**	Number of shares	Amount
Balance at January 1	**160.000.000**	**160.000**	160.000.000	160.000
-Inflation adjustment to share capital	**-**	**-**	-	-
Balance at the end of the period	**160.000.000**	**160.000**	160.000.000	160.000

Kamil Yazıcı Yönetim ve Danışma A.Ş. (henceforth as Management Company) is a professional management company established by members of the Kamil Yazıcı Family to manage their investments. With the special board nomination rights granted to Class A and Class B shares (1 + 3) which it owns, it is entitled to appoint four of the six directors to the Company's board of directors. Namely;

Yazıcılar's common shares are divided into four classes, with each class of shares having equal voting rights on all matters except for the election of directors. Classes B, C and D consist of registered shares and are owned by the members of the three Yazıcı Families. Class A shares are all bearer type shares; shares belonging to three Yazıcı Families and publicly traded shares are included in Class A.

Class	Number of shares	Percentage of capital %	Number of members on Board
A (Bearer)	87.818.037	54,89	1
B (Registered)	31.999.964	20,00	3
C (Registered)	19.235.049	12,02	1
D (Registered)	20.946.950	13,09	1
	160.000.000	**100,00**	**6**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 22 - EQUITY (cont'd)

Restricted Reserves Allocated from Net Profit, Revaluation and Remeasurement Loss / Gain

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory net income (inflation-restated income in accordance with CMB at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's issued capital (inflation restated issued capital in accordance with the communiqués and announcements of CMB). The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's issued capital (inflation restated capital in accordance with CMB). The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves cannot be used.

Quoted companies are subject to dividend requirements regulated by the Capital Markets Board of Turkey. Based on the CMB Decree 1/6, dated January 9, 2009, companies that take their consolidated financial statements as basis for their distributable profit, shall consider the profits of their subsidiaries, joint ventures and associates to the extent that such profits do not exceed the amount recorded in the statutory financial statements of these companies and without considering whether a profit distribution resolution is taken at their annual general meetings. Such profits as reported in the financial statement as per Communiqué shall be subject to distributable dividend computations.

As a result of the decision of CMB on January 27, 2010, there are no obligations for the minimum dividend payments subject to public incorporated companies whose shares are traded in the stock exchange.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. Inflation adjustment to shareholders' equity, in the case of cash used for profit distribution will be subject to corporate income tax.

While the Company has no distributable net income for year ended 2014, other sources which may be subject to profit distribution amount to TRL 195.986.

	December 31, 2014	December 31, 2013
Revaluation and remeasurement (loss) / income	**4.142**	(6.958)
-Available for sale financial assets	**4.142**	(6.958)

	December 31, 2014	December 31, 2013
Restricted reserves allocated from net profit	**28.732**	25.303

Retained Earnings

As of December 31, 2014 and December 31, 2013 the summary of equity reserves, extraordinary reserves, other profit reserves, and retained earnings are as follows:

	December 31, 2014	December 31, 2013
Equity reserves	**1.166**	1.166
Extraordinary reserves	**216.094**	170.950
Other profit reserves	**2.558**	2.558
Retained earnings	**3.467.912**	2.344.990
	3.687.730	2.519.664

Non-Controlling Interest

Non-controlling interests are separately classified in consolidated financial statements.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 23 – SALES AND COST OF SALES

	December 31, 2014	December 31, 2013
Revenue	**1.921.007**	1.568.385
Service income	**68.725**	62.309
Cost of goods sold (-)	**(1.591.382)**	(1.306.882)
	398.350	323.812

The details of cost of sales realized in years 2014 and 2013 are as follows:

	December 31, 2014	December 31, 2013
Cost of inventories and merchandises	**1.064.665**	888.507
Payroll expenses	**138.788**	114.388
Rent expenses	**86.828**	69.156
Depreciation and amortization expenses of tangible and intangible assets and assets used in renting activities	**73.618**	60.890
Other expenses	**227.483**	173.941
	1.591.382	1.306.882

NOTE 24 - OPERATING EXPENSES

	December 31, 2014	December 31, 2013
General administrative expenses	**179.781**	159.044
Marketing expenses	**123.983**	103.504
Research and development expenses	**1.278**	1.153
	305.042	263.701

	December 31, 2014	December 31, 2013
General administrative expenses		
Payroll expenses	**113.765**	102.513
Consultancy and services rendered expenses	**11.026**	15.576
Depreciation and amortization expenses of tangible and intangible assets and investment properties	**10.564**	8.411
Taxes and duties	**9.187**	7.429
Rent expenses	**4.562**	3.574
Transportation expenses	**3.752**	3.551
Maintenance and repair expenses	**2.478**	1.724
Utility expenses	**2.048**	1.923
Insurance expenses	**1.329**	1.457
Other expenses	**21.070**	12.886
	179.781	159.044

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 24 - OPERATING EXPENSES (cont'd)

	December 31, 2014	December 31, 2013
Marketing expenses		
Advertisement and promotion expenses	**51.050**	43.547
Payroll expenses	**25.775**	22.833
Transportation expenses	**7.008**	8.876
Depreciation and amortization expenses	**2.915**	317
License expenses	**2.057**	2.292
Services rendered expenses	**1.940**	1.338
Fair expenses	**933**	1.825
Exportation expenses	**804**	832
Contribution to dealers' selling expenses	**750**	756
Other expenses	**30.751**	20.888
	123.983	103.504

NOTE 25 - EXPENSES BY NATURE

The amounts of depreciation and amortization expenses recorded in the consolidated income statement accounts are as follows:

	December 31, 2014	December 31, 2013
Depreciation and amortization expenses		
Cost of sales	**73.618**	60.890
General administrative expenses	**10.564**	8.411
Marketing expenses	**2.915**	317
Research and development expenses	**245**	96
	87.342	69.714

The amounts of payroll expenses recorded in the consolidated income statement accounts are as follows:

	December 31, 2014	December 31, 2013
Payroll expenses		
Cost of sales	**138.788**	114.388
General administrative expenses	**113.765**	102.513
Marketing expenses	**25.775**	22.833
Research and development expenses	**814**	838
	279.142	240.572

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 26 - OTHER OPERATING INCOME/EXPENSES

26.1 Other Operating Income

	December 31, 2014	December 31, 2013
Reversal of provision	**4.390**	140
Foreign exchange gains arising from trading activities	**3.987**	7.190
Insurance compensation	**3.354**	39
Commission income	**224**	805
Other	**3.963**	3.533
	15.918	11.707

26.2 Other Operating Expenses

	December 31, 2014	December 31, 2013
Restaurant pre-operating expenses	**7.103**	8.108
Provision for doubtful receivables	**5.536**	718
Foreign exchange losses arising from trading activities	**3.484**	4.020
Donations	**2.601**	3.826
Restaurant closing expenses	**2.289**	609
Other	**3.452**	5.378
	24.465	22.659

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 27 – INCOME/EXPENSES FROM INVESTING ACTIVITIES

27.1 Income from Investing Activities

	December 31, 2014	December 31, 2013
Gain on sale of property, plant and equipment	**6.728**	27.293
Rent income	**3.898**	1.383
Gain on sale of marketable securities	**2.427**	2.800
Gain on revaluation of marketable securities	**999**	475
Dividend income	**184**	194
Gain on disposal of subsidiary controlling interest (*)	**-**	515.092
Other	**146**	2.254
	14.382	549.491

(*) Sale of ABank's, which was a subsidiary of the Company, 70,84% shares to Commercial Bank of Qatar (CBQ) based on the share purchase agreement signed between Commercial Bank of Qatar (CBQ) and subsidiaries AEH, Çelik Motor, indirect participation Efes Pazarlama ve Dağıtım Ticaret A.Ş. ("Efpa") and also AEH's other shareholder Özilhan Sınai Yatırım ve Ticaret A.Ş. ("Özilhan Sınai") has been completed as of July 18, 2013. As a result of this sale, the Company's effective shareholding rate in ABank decreased to 17,00% from 61,11%. The remaining ABank shares of the Company are accounted based on its fair value, are recognized as an associate and are reclassified under "Investments accounted through equity method" in compliance with IFRS 10 "Consolidated Financial Statements". Based on the share sales agreement between AEH, the subsidiary of the Company, and ABank, a subsidiary of the Company the procedures for the sale of 95,8% shares of ALease, an associate of the Company has been completed as of November 8, 2013. ABank has purchased the 95,8% of ALease's shares from AEH for TRL 115.585.785 (full TRL) and as well as shares of ALease's other shareholder's and raised its shares of ALease to 99,9%. Gain on disposal of subsidiaries controlling interests ABank and ALease amounting to TRL 515.092 that has been accounted under "income from investing activities" account in consolidated income statement includes the income amounting to TRL 146.780 due to the increase in the fair value of ABank's accounting based on fair value. AEH has decided to transfer three quarters of revenue from sale of the shares of ABank and ALease to a special fund.

27.2 Expenses from Investing Activities

	December 31, 2014	December 31, 2013
Loss on sale of property, plant and equipment	**3.789**	2.004
Loss on revaluation of marketable securities	**936**	890
Loss on sale of marketable securities	**341**	1.208
Other expenses	**12**	468
	5.078	4.570

NOTE 28 - FINANCIAL INCOME

	December 31, 2014	December 31, 2013
Foreign exchange gain	**264.675**	131.757
Interest income	**55.960**	32.939
Derivative transactions income	**5.037**	515
	325.672	165.211

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 29 - FINANCIAL EXPENSES

	December 31, 2014	December 31, 2013
Foreign exchange loss	**193.223**	101.908
Interest expense	**92.349**	42.903
Other expense	**3.947**	4.067
	289.519	148.878

NOTE 30 - NON-CURRENTASSETS HELD FOR SALE

The sale transaction of 70,84% shares of ABank, which was a subsidiary of the Company, to CBQ has been completed as of July 18, 2013 and sale of 95,8% share of ALease, which was a subsidiary of the Company, to ABank has been completed as of November 8, 2013. ABank and ALease's income, till the date of sale transaction is completed, is classified as non-current assets held for sale in accordance with IFRS 5 in the consolidated income statement as of December 31, 2013.

Summary income statements assets held for sale is as the following:

	ABank	ALease	Total
Revenue from Financing Activities	415.966	32.231	448.197
Cost of Financing Activities (-)	(173.445)	-	(173.445)
Other expense, net	(182.424)	(38.223)	(220.647)
Eliminations			7.455
Income before tax from assets held for sale	60.097	(5.992)	61.560
Tax (expense) / income	(11.656)	2.141	(9.515)
Net income from assets held for sale	48.441	(3.851)	52.045

NOTE 31 - TAX ASSETS AND LIABILITIES

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in the countries in which the Group companies operate.

The corporation tax rate for the fiscal year is 20% in Turkey (2013: 20%). Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one installment until the end of the related month. The tax legislation provides for a provisional tax of 20% (2013: 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

According to the Turkish Tax Law, corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, the tax legislation does not permit to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 31 - TAX ASSETS AND LIABILITIES (cont'd)

31.1 Current Income Tax Assets and Tax Provision

	December 31, 2014	December 31, 2013
Current Income Tax Assets	**9.838**	6.340
Income tax payable (-)	**(1.291)**	(11.662)
Net tax (liability) / asset	**8.547**	(5.322)

	December 31, 2014	December 31, 2013
Balance at January 1	**(5.322)**	1.664
Income tax expense	**(26.244)**	(46.852)
Prepaid tax (-)	**40.979**	36.862
Disposals through subsidiary controlling interest (-)	**-**	4.766
Other	**(866)**	(1.762)
Balance at the end of the period	**8.547**	(5.322)

31.2 Deferred Tax Assets and Liabilities

The distribution of deferred tax assets and liabilities is as follows:

	December 31, 2014	December 31, 2013
Deferred tax asset	**16.295**	9.246
Deferred tax liability (-)	**(43.275)**	(32.034)
Total deferred tax (liability) / asset, net	**(26.980)**	(22.788)

Movement of net deferred tax liability as of the period ended on December 31, 2014 is as follows:

	Balance December 31 ,2013	**Recorded to income statement**	**Balance December 31, 2014**
Property, plant and equipment, and intangibles	**(35.687)**	**(26.240)**	**(61.927)**
Tax loss carried forward	**15.857**	**12.127**	**27.984**
Employee termination benefit	**3.879**	**263**	**4.142**
Financial leases	**(10)**	**10**	**-**
Investment incentive	**279**	**20**	**299**
Provision for doubtful receivables	**335**	**(36)**	**299**
Hedge accounting	**(5.282)**	**4.811**	**(471)**
Other	**(2.159)**	**4.853**	**2.694**
Net deferred tax (liability)/asset	**(22.788)**	**(4.192)**	**(26.980)**
Currency translation difference	**-**	**(458)**	**-**
Actuarial (loss)/gain fund	**-**	**(83)**	**-**
	(22.788)	**(4.733)**	**(26.980)**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 31 - TAX ASSETS AND LIABILITIES (cont'd)

31.2 Deferred Tax Assets and Liabilities (cont'd)

The movement of net deferred tax asset as of the period ended on December 31, 2013 is as follows:

	Balance December 31, 2012	Disposals through sale of subsidiary controlling interest	Recorded to income statement	Balance December 31, 2013
Property, plant and equipment, and intangibles	(41.236)	870	4.679	(35.687)
Tax loss carried forward	15.480	-	377	15.857
Employee termination benefit	3.847	20	12	3.879
Financial leases	(1.045)	-	1.035	(10)
Investment incentive	14.799	(14.539)	19	279
Loan loss provision	13.822	(13.822)	-	-
Provision for doubtful receivables	6.609	(6.275)	1	335
Other	14.899	(13.941)	(8.399)	(7.441)
Net deferred tax (liability)/asset	27.175	(47.687)	(2.276)	(22.788)
Currency translation difference	-	-	(417)	-
Actuarial (loss)/gain fund	-	-	(169)	-
	27.175	(47.687)	(2.862)	(22.788)

The redemption schedule of carry forward tax losses which are not subject to deferred tax calculation is as follows:

	December 31, 2014	December 31, 2013
2019	**27.801**	-
2018	**17.776**	5.651
2017	**12.352**	5.915
2016	**9.611**	9.573
2015	**17.396**	17.327
2014	**-**	698
	84.936	39.164

31.3 Tax Expense

	December 31, 2014	December 31, 2013
Income tax expense (-)	**(26.244)**	(46.852)
Deferred tax expense (-)	**(4.733)**	(2.862)
	(30.977)	(49.714)

	December 31, 2014	December 31, 2013
Profit before tax from continuing operations	**4.205**	1.451.649
Tax ratio used by the parent company 20% (2013: 20%)	**(841)**	(290.330)
Non-deductible expenses	**(1.227)**	(2.173)
Non-taxable income (-)	**7.330**	75.575
Effect of investments accounted through equity method	**(25.203)**	168.247
Carry forwards tax losses that are not subject to deferred tax	**(9.294)**	(895)
Other	**(1.742)**	(138)
	(30.977)	(49.714)

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 32 - EARNINGS PER SHARE

	December 31, 2014	December 31, 2013
Net (loss) / profit	**(59.996)**	1.191.113
Weighted average number of shares	**160.000.000**	160.000.000
- (Loss) / Earnings per share from continuing operations (full TRL)	**(0,37)**	7,25
- (Loss) / Earnings per share from assets held for sale (full TRL)	**-**	0,19
(Loss) / Earnings per share (full TRL)	**(0,37)**	7,44

NOTE 33 - RELATED PARTY BALANCES AND TRANSACTIONS

33.1 Balances with Related Parties

Bank Balances with Related Parties

	December 31, 2014	December 31, 2013
ABank (1)	**358.425**	67.433
	358.425	67.433

As of December 31, 2014 time deposits in ABank have less than 3 months term and weighted average interest rate for TRL denominated time deposits is 10,38%, for USD denominated time deposits the rate is 2,56%, for EUR denominated time deposits, the rate is 0,52%.

As of December 31, 2014 loans given by ABank to related parties amount to TRL 61.362 (December 31, 2013: None).

33.2 Due from Related Parties

	December 31, 2014	December 31, 2013
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**3.992**	4.241
CJSC Moscow Efes Brewery (Russia) (3)	**1.835**	1.744
Coca-Cola İçecek A.Ş. (3)	**1.512**	611
Anadolu Isuzu (2)	**1.359**	1.172
Anadolu Efes (1)	**1.035**	565
PJSC Efes Ukraine (3)	**887**	614
Efes Vitanta Moldova Brewery JSC (Moldova) (3)	**672**	155
Faber-Castell Anadolu LLC (Russia) (2)	**639**	245
JSC Efes Kazakhstan Brewery (Kazakhistan) (3)	**579**	309
Efes Pazarlama Ticaret A.Ş. (Efpa) (3)	**508**	743
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**492**	655
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (3)	**180**	1.755
ABank (1)	**163**	252
Other	**779**	2.815
	14.632	15.876

As of December 31, 2014 there is no amount in long term portion of due from related parties (December 31, 2013: None).

(1) An associate
(2) A joint venture
(3) A Company controlled by an associate
(4) Shareholder of the Company
(5) Other

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 33 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

33.3 Due from Related Parties from Financing Activities

	December 31, 2014	December 31, 2013
ALease (3)	**1.130**	1.239
Anadolu Isuzu (2)	**470**	136
Efpa (3)	**119**	12
Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)	**13**	9
Other	**36**	113
	1.768	1.509

As of December 31, 2014 there is no amount in long term portion of due from related parties (December 31, 2013: None).

33.4 Due To Related Parties

	December 31, 2014	December 31, 2013
Efpa (3)	**-**	4.582
	-	4.582

33.5 Related Party Transactions

Terms and conditions of transactions with related parties

Outstanding balances at the end of the period are unsecured and interest free. Their settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2014, the Group has not recorded any provisions for doubtful receivables, relating to amounts owned by related parties (December 31, 2013: None). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related parties operate.

Significant transactions with related parties during the year ended as of December 31, 2014 and December 31, 2013 are as follows:

	December 31, 2014	December 31, 2013
Sales of goods and services, net		
Efpa (3)	**27.182**	32.710
Anadolu Efes (1)	**27.125**	27.044
Efes Breweries International N.V. (3)	**24.276**	21.026
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**20.878**	20.410
Anadolu Isuzu (2)	**12.402**	11.489
ABank (1)	**9.043**	4.522
Tarbes (3)	**4.590**	5.269
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**2.128**	2.550
Ana Gıda (2)	**1.833**	1.715
Other	**12.420**	10.089
	141.877	136.824

(1) An associate
(2) A joint venture
(3) A Company controlled by an associate
(4) Shareholder of the Company
(5) Other

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 33 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

33.5 Related Party Transactions (cont'd)

	December 31, 2014	December 31, 2013
Purchases of goods, property, plant & equipment and other charges		
Anadolu Efes (1)	**33.523**	127
Anadolu Eğitim ve Sosyal Yardım Vakfı (5)	**2.094**	3.549
Anadolu Isuzu (2)	**1.746**	1.374
Other	**583**	563
	37.946	5.613

	December 31, 2014	December 31, 2013
Financial Income / (Expense), Net		
ABank (1)	**6.907**	1.058
ALease (3)	**(123)**	-
	6.784	1.058

	December 31, 2014	December 31, 2013
Various sales included in other income (includes dividends received)		
ABank (1)	**2.595**	997
Anadolu Efes (1)	**921**	88
Efpa (3)	**866**	343
AYatırım (3)	**476**	188
Ana Gıda (2)	**42**	43
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**37**	248
Polinas (5)	**24**	12
Coca-Cola İçecek A.Ş. (3)	**15**	11
Anadolu Isuzu (2)	**3**	210
Other	**412**	41
	5.391	2.181

(1) An associate
(2) A joint venture
(3) A Company controlled by an associate
(4) Shareholder of the Company
(5) Other

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 33 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

33.5 Related Party Transactions (cont'd)

Compensation of Key Management Personnel of the Group

Group has defined the key management personnel as follows; the managers directly reporting to the general manager and board of directors, and the board of directors and general managers in the rest of the subsidiaries.

The details of benefits provided to the key management personnel for the years ended on December 31, 2014 and December 31, 2013 are as follows:

	December 31, 2014	December 31, 2013
Short term benefits provided to key management personnel	**30.743**	36.658
Post-employment benefits	**234**	134
Total gain	**30.977**	36.792
Social Security employer share	**378**	491

Other

The Company and its subsidiaries other than McDonald's and Hamburger are obligated to donate 1% - 5% of their profit before corporate tax and such fiscal obligations to Anadolu Eğitim ve Sosyal Yardım Vakfı as stated in the entities' foundation agreements as long as these donations are exempt from tax. As of December 31, 2014, donations amount to TRL 2.094 (December 31, 2013: TRL 3.550).

NOTE 34 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

General

The Group's principal financial instruments comprise bank borrowings, finance leases, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, price risk, credit risk, and liquidity risk. The Group manages these risks as stated below. The Group also monitors the market price risk arising from all financial instruments.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 34 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Credit Risk

Financial instruments have a counterparty risk as they may not fulfill requirements of the agreement. The Group's credit risk mostly arises in Turkey where the Company predominantly operates.

The Group manages credit risk by constantly evaluating the credibility of the related parties and by determining counterparty credit limits and due dates based on customer. Group also receives collaterals from customers as needed. Instruments that increase the credit reliability as guarantees received to determine the maximum amount of credit risk as of reporting date, are not taken into account.

As of December 31, 2014 and 2013 details of maximum credit risk exposure and aging of assets overdue but not impaired are stated below:

December 31, 2014	**Receivables**					
	Trade Receivables		**Other Receivables**			
	Related Party	**Other Party**	**Related Party**	**Other Party**	**Deposits in banks**	**Derivative financial instruments**
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	**14.632**	**187.797**	**-**	**107.004**	**1.114.799**	**7.951**
- Maximum risk secured by guarantee	-	120.398	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	14.632	171.466	-	106.436	1.114.799	7.951
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-	-
C. Net book value of assets overdue but not impaired	-	15.488	-	568	-	-
- Under guarantee	-	5.734	-	-	-	-
D. Net book value of impaired assets	-	843	-	-	-	-
- Overdue (gross book value)	-	4.058	-	15.189	-	-
- Impairment (-)	-	(3.215)	-	(15.189)	-	-
- Net value under guarantee	-	843	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-	-	-

December 31, 2013	Receivables					
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party	Deposits in banks	Derivative financial instruments
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	15.876	169.177	-	74.828	1.182.814	26.411
- Maximum risk secured by guarantee	-	100.884	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	15.876	159.859	-	74.260	1.182.814	26.411
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-	-
C. Net book value of assets overdue but not impaired	-	8.355	-	568	-	-
- Under guarantee	-	4.551	-	-	-	-
D. Net book value of impaired assets	-	963	-	-	-	-
- Overdue (gross book value)	-	2.968	-	15.253	-	-
- Impairment (-)	-	(2.005)	-	(15.253)	-	-
- Net value under guarantee	-	963	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-	-	-

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 34 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

The collateral amounting to TRL 120.398 that belongs to the guaranteed part of trade receivables as of December 31, 2014 consists of a letter of guarantee amounting to TRL 63.521, a DBS (direct billing system) guarantee amounting to TRL 34.665, a mortgage amounting to TRL 21.752, a collateral bill amounting to TRL 423 and a guarantee cheque amounting to TRL 37. (December 31, 2013: letter of guarantee: TRL 55.995; DBS guarantee: TRL 31.080; mortgage: TRL 13.064; collateral bill: TRL 720; guarantee check: TRL 25).

December 31, 2014	**Receivables**				
	Trade receivables		**Other receivables**		
	Related party	**Other party**	**Related party**	**Other party**	**Deposits in banks**
1-30 days past due	**-**	**11.962**	**-**	**-**	**-**
1-3 month past due	**-**	**1.706**	**-**	**-**	**-**
3-12 month past due	**-**	**1.117**	**-**	**-**	**-**
1-5 year past due	**-**	**1.546**	**-**	**-**	**-**
Over 5 years past due	**-**	**-**	**-**	**568**	**-**
Amount secured with guarantee	**-**	**6.577**	**-**	**-**	**-**

December 31, 2013	Receivables				
	Trade receivables		Other receivables		
	Related party	Other party	Related party	Other party	Deposits in banks
1-30 days past due	-	4.148	-	-	-
1-3 month past due	-	420	-	-	-
3-12 month past due	-	4.410	-	-	-
1-5 year past due	-	340	-	-	-
Over 5 years past due	-	-	-	568	-
Amount secured with guarantee	-	5.514	-	-	-

Foreign currency risk

The Group predominantly operates in Turkey.

The following table summarizes the exchange rate of Turkish Lira to 1 USD and 1 EUR:

		Exchange buying rate at December 31, 2013	**Average exchange buying rate in the period**	**Exchange buying rate at December 31, 2014**
TRL /USD	Turkey	2,1343	2,1865	2,3189
TRL /EUR	Turkey	2,9365	2,9042	2,8207

Çelik Motor, a subsidiary of the Group, hedges its foreign exchange risk on commitments to provide operational leasing services resulting from off balance sheet foreign currency denominated operating lease receivables (hedged item) with foreign currency denominated loans (hedging instrument). The Group does not hedge investments, receivables, accounts payables, lease obligations and borrowings denominated in a foreign currency. The Group does not hedge their estimated foreign currency exposure in respect of sales and purchases.

Foreign currency risk arises from the EUR, USD, GBP, JPY, CAD, NOK denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases or borrowings by the Group in currencies other than the Group's functional currency. The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities.

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 34 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

31.12. 2014	**TRL Equivalent (Functional currency)**	**Thousand USD**	**Thousand EUR**	**Thousand GBP**	**Thousand JPY**
1. Trade receivables	4.422	581	1.090	-	-
2a. Monetary financial assets (cash and cash equivalents included)	1.011.585	428.921	6.012	1	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**1.016.007**	**429.502**	**7.102**	**1**	**-**
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non - current assets (5+6+7)	**-**	**-**	**-**	**-**	**-**
9. Total assets (4+8)	**1.016.007**	**429.502**	**7.102**	**1**	**-**
10. Trade payables	767	249	66	1	-
11. Short - term borrowings and current portion of long - term borrowings	429.283	52.719	108.850	-	-
12a. Monetary other liabilities	319	124	11	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**430.369**	**53.092**	**108.927**	**1**	**-**
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	923.429	208.636	155.855	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	**923.429**	**208.636**	**155.855**	**-**	**-**
18. Total liabilities (13+17)	**1.353.798**	**261.728**	**264.783**	**1**	**-**
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	**297.368**	**18.900**	**99.886**	**-**	**-**
19a. Total hedged assets	326.421	18.900	110.186	-	-
19b. Total hedged liabilities	29.053	-	10.300	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	**(40.423)**	**186.674**	**(157.795)**	**-**	**-**
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(337.791)**	**167.774**	**(257.680)**	**-**	**-**
22. Total fair value of financial instruments used to manage the foreign currency position	**-**	**-**	**-**	**-**	**-**
23. Export	**31.348**	**5.845**	**6.393**	**-**	**-**
24. Import	**616.589**	**32.260**	**187.652**	**92**	**35.681**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 34 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

31.12. 2013	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Thousand GBP	Thousand JPY
1. Trade receivables	4.800	612	1.190	-	-
2a. Monetary financial assets (cash and cash equivalents included)	1.013.795	458.477	12.009	1	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	1.018.595	459.089	13.199	1	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non - current assets (5+6+7)	-	-	-	-	-
9. Total assets (4+8)	1.018.595	459.089	13.199	1	-
10. Trade payables	7.699	3.574	23	1	-
11. Short - term borrowings and current portion of long - term borrowings	277.784	33.909	69.951	-	-
12a. Monetary other liabilities	-	-	-	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	285.483	37.483	69.974	1	-
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	555.327	142.171	85.779	-	-
16 a. Monetary other liabilities	-	-	-	-	-
16 b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	555.327	142.171	85.779	-	-
18. Total liabilities (13+17)	840.810	179.654	155.753	1	-
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	240.462	16.677	69.766	-	-
19a. Total hedged assets	240.462	16.677	69.766	-	-
19b. Total hedged liabilities	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	418.247	296.112	(72.788)	-	-
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	177.785	279.435	(142.554)	-	-
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	24.652	3.898	6.841	-	-
24. Import	578.499	33.538	203.884	154	7.331

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 34 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

	Foreign currency position sensitivity analysis	
	December 31, 2014	
	Income / (loss)	**Income /(loss)**
	Increase of the foreign currency	**Decrease of the foreign currency**
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	38.905	(38.905)
2- USD denominated hedging instruments(-)	(4.382)	4.382
3- Net effect in USD (1+2)	**34.523**	**(34.523)**
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(72.684)	72.684
5- Euro denominated hedging instruments(-)	25.354	(25.354)
6- Net effect in Euro (4+5)	**(47.330)**	**47.330**
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	-	-
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	-	-
TOTAL (3+6+9)	**(12.807)**	**12.807**

	Foreign currency position sensitivity analysis	
	December 31, 2013	
	Income / (loss)	Income /(loss)
	Increase of the foreign currency	Decrease of the foreign currency
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	59.640	(59.640)
2- USD denominated hedging instruments(-)	(3.559)	3.559
3- Net effect in USD (1+2)	56.081	(56.081)
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(39.220)	39.220
5- Euro denominated hedging instruments(-)	20.487	(20.487)
6- Net effect in Euro (4+5)	(18.733)	18.733
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	-	-
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	-	-
TOTAL (3+6+9)	37.348	(37.348)

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 34 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative financial instruments.

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

Interest position table		**December 31, 2014**	December 31, 2013
	Financial instruments with fixed interest rate		
Financial assets	Financial assets at fair value through profit & loss	**-**	-
	Available for sale marketable securities	**-**	-
Financial liabilities		**1.275.238**	831.656
	Financial instruments with floating interest rate		
Financial assets		**-**	-
Financial liabilities		**522.997**	347.726

The table below shows the effect of a 1% increase in interest rates, on floating rate credits in profit before tax basis.

	Effect on profit before tax	
Interest Increase	**December 31, 2014**	December 31, 2013
1% increase	**940**	692

Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle within the normal terms of trade. To manage this risk the Group periodically assesses the financial liability of customers. Liquidity risk arises from the possibility that a market for derivatives may not exist in some circumstances.

December 31, 2014

Maturities according to agreement	**Book Value**	**Total cash outflow according to agreement (=I+II+III+IV)**	**Less than 3 months (I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**More than 5 years (IV)**
Non-derivative financial liabilities	**1.982.001**	**2.091.694**	**503.484**	**519.825**	**793.106**	**275.279**
Borrowings	1.798.235	1.907.811	319.601	519.825	793.106	275.279
Financial lease payables	-	-	-	-	-	-
Trade payables	143.608	143.725	143.725	-	-	-
Other payables	40.158	40.158	40.158	-	-	-

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 34 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Liquidity Risk (cont'd)

December 31, 2013

Maturities according to agreement	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months (I)	3 to12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	1.393.252	1.523.775	427.750	285.114	635.695	175.216
Borrowings	1.179.382	1.309.796	219.480	280.145	634.955	175.216
Financial lease payables	-	-	-	-	-	-
Trade payables	176.908	177.017	175.900	387	730	-
Other payables	36.962	36.962	32.370	4.582	10	-

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

NOTE 35 – FINANCIAL INSTRUMENTS

35.1 Derivative Financial Instruments

Fair Value Hedge Accounting

Çelik Motor, a subsidiary of the Group, started to apply fair value hedge accounting from 1 January, 2012. Çelik Motor hedges its foreign exchange risk on commitments to provide operational leasing services resulting from off balance sheet foreign currency denominated operating lease receivables (hedged item) with foreign currency denominated loans (hedging instrument). Fair value changes resulting from the exchange risk of the hedged item has been accounted in "derivative financial instruments" as an asset or liability on the balance sheet, current year fair value changes has been accounted for under foreign exchange gain/losses in "financial income/expense" accounts in the statement of income, prior period's fair value changes has been accounted under "revenue". Fair value of derivative financial instruments as of December 31, 2014 is as follows:

		December 31, 2014		December 31, 2013	
		Fair values		Fair values	
	Contract / Notional amount	**Assets**	**Liabilities**	Assets	Liabilities
Derivatives held for hedging:					
Receivables from operating leases	**355.259**	**3.170**	**814**	26.411	-
Derivatives held for trading:					
Currency swaps	**30.671**	**4.781**	**-**	-	-
Foreign currency options	-	-	-	-	233
		7.951	**814**	26.411	233
Short term		**7.951**	**-**	16.468	233
Long term		**-**	**814**	9.943	-
		7.951	**814**	26.411	233

NOTE 35 – FINANCIAL INSTRUMENTS (cont'd)

35.1 Derivative Financial Instruments (cont'd)

Fair Value Hedge Accounting

The Group documented the relationship between hedging instruments and hedged items at the beginning of the hedge transaction and also documented risk management objectives and the strategy for performing a variety of hedging transactions. Group, both at the beginning of the process of hedging transaction and on a regular basis of the hedging transaction, documented the assessment whether instruments used in hedging transactions are effective in high-level balancing changes in values of hedged items.

Although the Group's functional currency is Turkish Lira, due to a significant portion of lease receivables denominated in foreign currencies, the Group is exposed to currency risk. Lease receivables represented in Turkish Lira. As a result, changes in exchange rates affect both the Group's financial position and net income.

In accordance with the Group's currency risk strategy, currency risk arising from future operating lease receivables has been taken under protection with foreign currency loans.

Type of hedging relationship is fair value hedges. The Group's currency risk arising from operating lease receivables based on the commitments to provide operating leasing has been begun to take under protection with foreign currency loans as of January 1, 2012.

35.2 Fair Values

Since cash and cash equivalents, trade receivables, other current assets, trade payables and other payables are of short term; their fair values are the same with their values in the balance sheet.

Investments are recorded with their carrying values due to the lack of determined market values and inefficiency of other methods on determining fair values.

Short-term and long term lease obligations are identical with their carrying values in the balance sheet since they are in foreign currencies and revalued as of year-end.

The methods and assumptions used to determine the fair values of financial assets and liabilities

The fair values of financial lease receivables are calculated by discounting their cash flows to the present value by using current market rates.

The fair values of held to maturity financial assets are calculated based on their market prices.

The fair values of other assets and liabilities are calculated by discounting their cash flows to the present value by using current market rates (current libor rates).

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 35 – FINANCIAL INSTRUMENTS (cont'd)

35.2 Fair Values (cont'd)

	December 31, 2014		December 31, 2013	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Financial investments	**5.496**	**5.496**	10.617	10.617
	5.496	**5.496**	10.617	10.617
Financial Liabilities				
Borrowings	**1.798.235**	**1.925.561**	1.179.382	1.268.959
	1.798.235	**1.925.561**	1.179.382	1.268.959

Fair value measurements

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques including direct or indirect observable inputs

Level 3: Valuation techniques which does not contain observable market inputs

	December 31, 2014	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss	**400**	**400**	**-**	**-**
Derivative financial assets	**7.951**	**-**	**7.951**	**-**
Derivative financial liabilities	**814**	**-**	**814**	**-**

	December 31, 2013	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss	8.965	8.965	-	-
Derivative financial assets	26.411	-	26.411	-
Derivative financial liabilities	233	-	233	-

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 36 – DISCLOSURES OF INTERESTS IN OTHER ENTITIES

The summary financial information of the associates of the Company, of which non-controlling interest is at considerable level, is presented below:

	December 31, 2014			
Subsidiary	Non-controlling interest %	Profit/loss allocated to non-controlling interest	Accumulated non-controlling interest	Dividend paid to non-controlling interest
AEH	**32%**	**24.707**	**750.276**	**-**

	December 31, 2013			
Subsidiary	Non-controlling interest %	Profit/loss allocated to non-controlling interest	Accumulated non-controlling interest	Dividend paid to non-controlling interest
AEH	32%	235.844	751.360	-

Summary financial information for the related associate is presented below:

Summary balance sheet:	**AEH**	AEH
	December 31, 2014	December 31, 2013
Current Assets	1.872.797	1.682.287
Non-Current Assets	2.648.608	2.219.827
Total Assets	**4.521.405**	3.902.114
Short-Term Borrowings	809.486	479.444
Other Current Liabilities	221.939	241.179
Long-Term Borrowings	988.749	699.938
Other Non-Current Liabilities	68.856	52.931
Total Liabilities	**2.089.030**	1.473.492
Net Assets	**2.432.375**	2.428.622
Attributable to:		
Non-controlling interests	87.764	80.621
Net assets of the equity holders of the parent	**2.344.611**	2.348.001

Summary income statement:	**AEH**	AEH
	2014	2013
Revenue	1.990.275	1.631.118
Net Income	85.354	763.783
Non-controlling interests	8.144	26.772
Equity holders of the parent	**77.210**	737.011

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 36 – DISCLOSURES OF INTERESTS IN OTHER ENTITIES (cont'd)

Summary cash flow:	**AEH**	AEH
	December 31, 2014	December 31, 2013
Net cash (used in) by operating activities	(214.977)	(31.426)
Net cash (used in) / provided by investing activities	(342.712)	579.085
Net cash provided by financing activities	490.877	406.436
Net (decrease) / increase in cash and cash equivalents	(48.230)	979.881
Cash and cash equivalent at the beginning of the period	1.114.121	583.866
Total cash and cash equivalent at the end of the period	**1.065.891**	1.114.121

NOTE 37 - SUBSEQUENT EVENTS

1) AEH, a subsidiary of the Company had made a non-binding offer for the acquisition of 40,25% indirect shares in Migros Ticaret A.Ş. ("Migros") to BC Partners, the ultimate main shareholder of Migros, and due diligence period regarding this transaction was completed. Currently, all discussions between the parties have been completed and a share purchase agreement has been signed between AEH and Moonlight Capital S.A. (Moonlight Capital) , controlled by BC Partners, the ultimate main shareholder of Migros, regarding the acquisiton of 40,25% indirect shares in Migros, pursuant to regulatory approvals. According to the forementioned agreement, the amount to be paid to Moonlight Capital will be calculated based on per share price of TRL 26,00 for Migros. Pursuant to regulatory approvals and share transfer, AEH and Moonlight Capital will hold respectively 80,5% and 19,5% of MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik), which will in turn possess 50% shares of Migros. The remaining 30,5% shares of Migros will be held by Moonlight Capital, while 19,5% shares will be publicly traded. The forementioned transaction will not require a mandatory tender offer. After the close of the transaction, Migros will be managed as co-control by BC Partners and AEH, pursuant to various conditions and duration. In addition, in regard of 19,5% share of Moonlight Capital in MH Perakendecilik, AEH retains a " buy option" and Moonlight Capital retains a "sell option", to be exercised within 24-30 month period following the transfer of the shares.

2) Based on the Board of Directors minute dated December 15, 2014, Çelik Motor, a subsidiary of the Company has applied to the Capital Markets Board in February 2015 to issue notes/bonds in Turkish Lira currency up to TRL 200.000 in various compositions and maturities in a year period by selling to the qualified investors in domestic market without public offering.

3) AEH, a subsidiary of the Company, has transferred 5.830.980 shares representing 4,71% of Anadolu Kafkasya, a subsidiary of the Company, to Paravani Energy B.V for USD 3.535.000 at January 19, 2015. As a result of this transaction, the Company's share in Anadolu Kafkasya has decreased from 63,85% to 60,65%.

…..………..