YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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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 2015 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 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
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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 2015 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 10 March 2016.

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

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

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

Baki Erdal, SMMM
Partner

Istanbul, 10 March 2016

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

Consolidated Financial Statements as of December 31, 2015

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

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CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2015 AND 2014

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

	Notes	**Audited December 31, 2015**	Audited December 31, 2014
ASSETS			
Current Assets		**1.487.136**	1.961.499
Cash and Cash Equivalents	6	**364.926**	1.153.597
Financial Instruments	7	**44.306**	5.496
Trade Receivables			
- Due From Related Parties	33.2	**19.616**	14.632
- Trade Receivables, Third Parties	9.1	**213.356**	187.797
Other Receivables			
- Other Receivables, Third Parties	10.1	**85.080**	103.615
Derivative Financial Instruments	34.1	**15.852**	7.951
Assets Used in Renting Activities	14.1	**247.518**	164.511
Inventories	11.1	**283.000**	173.319
Prepaid Expenses	20.1	**49.154**	30.382
Current Income Tax Assets	30.1	**41.111**	9.838
Other Current Assets	21.1	**123.217**	110.361
Non-Current Assets		**7.353.535**	4.604.126
Financial Instruments	7	**6.659**	6.459
Trade Receivables			
- Trade Receivables, Third Parties	9.1	**3.215**	-
Other Receivables			
- Other Receivables, Third Parties	10.2	**3.454**	3.389
Derivative Financial Instruments	34.1	**6.522**	-
Inventories	11.2	**21.708**	-
Investments Accounted Through Equity Method	12	**5.121.625**	2.861.421
Investment Property	13	**257.254**	149.123
Assets Used in Renting Activities	14.2	**1.031.536**	762.396
Property, Plant and Equipment	15	**757.196**	768.385
Intangible Assets	16	**24.206**	19.120
Prepaid Expenses	20.2	**16.374**	7.753
Deferred Tax Assets	30.2	**77.068**	16.295
Other Non-Current Assets	21.2	**26.718**	9.785
TOTAL ASSETS		**8.840.671**	6.565.625

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 BALANCE SHEETS AS AT DECEMBER 31, 2015 AND 2014

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

	Notes	**Audited December 31, 2015**	Audited December 31, 2014
LIABILITIES			
Current Liabilities		**1.773.994**	1.031.574
Short-Term Borrowings	8	**755.190**	457.092
Current Portion of Long-Term Borrowings	8	**746.018**	352.987
Trade Payables			
- Due to Related Parties	32.3	**5.737**	638
- Trade Payables, Third Parties	9.2	**188.709**	141.840
Other Payables			
- Other Payables, Third Parties	10.3	**32.690**	39.764
Income Tax Payable	30.1	**444**	1.291
Short-Term Provisions			
- Short-term Provisions For The Employee Benefits	18.1	**11.764**	11.699
- Other Short-term Provisions	18.2	**4.827**	2.606
Other Current Liabilities	21.3	**28.615**	23.657
Non-Current Liabilities		**2.749.467**	1.066.175
Long-Term Borrowings	8	**2.203.834**	989.286
Other Payables			
- Other Payables, Third Parties	10.3	**436**	394
Derivative Financial Instruments	34.1	**-**	814
Long-Term Provisions			
- Long-term Provisions For The Employee Benefits	18.1	**22.778**	20.804
Deferred Tax Liability	30.2	**44.168**	43.275
Other Non-Current Liabilities	21.4	**478.251**	11.602
EQUITY		**4.317.210**	4.467.876
Equity Attributable to Equity Holders of the Parent		**3.525.938**	3.633.660
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		**(5.948)**	(4.634)
Other Comprehensive Income/Expense To Be Classified to Profit or Loss			
- Currency Translation Differences		**8.970**	(127.193)
- Hedge Gain / Loss		**8.959**	618
- Revaluation and Reclassification Gain	22	**(309)**	4.142
Other Reserves		**(65.213)**	(65.213)
Restricted Reserves Allocated from Net Profit	22	**30.090**	28.732
Retained Earnings	22	**3.590.502**	3.687.730
Net Loss		**(210.587)**	(59.996)
Non-Controlling Interest		**791.272**	834.216
TOTAL LIABILITIES AND EQUITY		**8.840.671**	6.565.625

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	Notes	**Audited January 1,2015 – December 31,2015**	Audited January 1,2014 – December 31,2014
CONTINUING OPERATIONS			
Revenue	23	**2.592.183**	1.989.732
Cost of Sales (-)	23	**(2.096.050)**	(1.591.382)
GROSS PROFIT		**496.133**	398.350
General Administrative Expenses (-)	24	**(212.967)**	(179.781)
Marketing Expenses (-)	24	**(146.007)**	(123.983)
Research and Development Expenses (-)	24	**(1.813)**	(1.278)
Other Operating Income	26.1	**13.984**	15.918
Other Operating Expenses (-)	26.2	**(32.784)**	(24.465)
Gain from Investments Accounted Through Equity Method	12	**(180.338)**	(126.013)
OPERATING EXPENSE		**(63.792)**	(41.252)
Income from Investing Activities	27.1	**20.276**	14.382
Expenses from Investing Activities (-)	27.2	**(9.662)**	(5.078)
OPERATING LOSS BEFORE FINANCIAL EXPENSE		**(53.178)**	(31.948)
Financial Income	28	**309.707**	325.672
Financial Expenses (-)	29	**(582.608)**	(289.519)
INCOME/LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(326.079)**	4.205
Tax Income /(Expense) from Continuing Operations		**46.074**	(30.977)
- Current Period Tax Expense (-)	30.3	**(12.060)**	(26.244)
- Deferred Tax Income /(Expense)	30.3	**58.134**	(4.733)
NET LOSS FOR THE PERIOD FOR CONTINUING OPERATIONS		**(280.005)**	(26.772)
Attributable to:		**(280.005)**	(26.772)
- Non-Controlling Interests		**(69.418)**	33.224
- Equity Holders of the Parent		**(210.587)**	(59.996)
Earnings per share (full TRL)	31	**(1,32)**	(0,37)

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 COMPREHENSIVE INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	Audited January 1,2015 – December 31,2015	Audited January 1,2014 – December 31,2014
NET LOSS	**(280.005)**	(26.772)
OTHER COMPREHENSIVE INCOME		
Items Not To Be Reclassified To Profit or Loss		
Remeasurement Gain / (Loss) from Defined Benefit Plans	**(1.208)**	(413)
Share of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified To Profit or Loss	**(434)**	(1.767)
Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss		
- Deferred Tax Expense (-) / Income	**242**	83
Items To Be Reclassified To Profit or Loss		
Currency Translation Differences	**(7.380)**	(750)
Share Of Other Comprehensive Income Of Investments Accounted Through Equity Method To Be Classified To Profit Or Loss	**148.927**	(426.545)
OTHER COMPREHENSIVE EXPENSE / INCOME	**140.147**	(429.392)
TOTAL COMPREHENSIVE EXPENSE	**(139.858)**	(456.164)
Attributable to:		
- Non-Controlling Interest	**(68.846)**	6.182
- Equity Holders of the Parent	**(71.012)**	(462.346)

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(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, 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
Non-controlling put option valuation fund (Note 12)	-	-	-	-	-	5.208	-	-	-	-	5.208	359	5.567
Total comprehensive income / (expense)	-	-	(1.753)	(407.191)	702	5.892	-	-	-	(59.996)	(462.346)	6.182	(456.164)
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
Balances as of January 1, 2015	**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**
Transfer of net income to the retained earnings	-	-	-	-	-	-	-	1.358	(61.354)	59.996	-	-	-
Capital increase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	26.950	26.950
Dividend paid	-	-	-	-	-	-	-	-	(40.000)	-	(40.000)	(6.044)	(46.044)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	4.126	-	4.126	5.054	9.180
Non-controlling put option valuation fund (Note 12)	-	-	-	-	-	(836)	-	-	-	-	(836)	(58)	(894)
Total comprehensive income / (expense)	-	-	(1.314)	136.163	8.341	(3.615)	-	-	-	(210.587)	(71.012)	(68.846)	(139.858)
Balances as of December 31, 2015	**160.000**	**9.474**	**(5.948)**	**8.970**	**8.959**	**(309)**	**(65.213)**	**30.090**	**3.590.502**	**(210.587)**	**3.525.938**	**791.272**	**4.317.210**

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	Notes	Audited 1 January 2015 – 31 December 2015	Audited January 1,2014 – December 31,2014
Cash flow from operating activities			
Net loss for the period from continuing operations		**(280.005)**	(26.772)
Adjustments			
Gain from disposal of property, plant and equipment, and intangible assets and assets used in renting activities		**(47.552)**	(41.140)
Depreciation and amortization	13, 14, 15, 16	**105.268**	87.342
Provision for impairment in doubtful receivables	26.2	**10.692**	5.536
Warranty provision / (cancellation)	18.2	**117**	(43)
Provision / (cancellation) for vacation pay liability		**(407)**	22
Provision for employee termination benefits	18.1	**7.024**	6.393
Provision for bonus		**472**	1.359
Provision for impairment in assets used in renting activities		**(346)**	642
Other provisions		**2.104**	655
Provision for impairment in inventories	11.1	**1.420**	2.658
Foreign exchange (gain)/expense		**201.650**	(1.980)
Interest expenses		**168.196**	92.349
Gain on sale of financial investment		**68**	(2.086)
Put option valuation expense	29	**16.417**	-
Loss from investments accounted through equity method	12	**180.338**	126.013
Change in derivative financial instruments – receivables	34.1	**(14.423)**	18.460
Change in derivative financial instruments – liabilities	34.1	**(814)**	581
Adjustments regarding tax income /expense	30.3	**(46.074)**	30.977
Other non-cash expense / (income)		**976**	(1.054)
Operating profit before changes in operating assets and liabilities		**305.121**	299.912
Change in trade and other receivables and due from related parties		**(43.882)**	(22.912)
Change in inventories		**(111.101)**	(17.993)
Change in other assets		**(39.736)**	(53.378)
Change in trade and other payables and due to related parties		**42.028**	(10.215)
Changes in inventories related to real estate activities		**(11.901)**	-
Purchases of assets used in renting activities	14	**(887.583)**	(644.046)
Proceeds from sale of assets used in renting activities		**524.944**	271.780
Dividends received		**91.321**	25.052
Employee termination benefits paid	18.1	**(6.258)**	(5.553)
Taxes paid	30.1	**(44.180)**	(40.979)
Net cash used in operating activities		**(181.227)**	(198.332)
Cash flows used in investing activities			
Change in financial investments (net)		**(38.878)**	7.207
Purchase of property, plant and equipment, intangible asset and investment property	13, 15, 16	**(159.323)**	(335.694)
Proceeds from sale of property, plant and equipment, and intangible asset		**33.144**	16.384
Purchase of joint venture		**(1.923.736)**	-
Purchase of financial assets and participation in capital increase		**(1.700)**	(10.879)
Gain on sale of a share to non-controlling interests		**8.160**	7.978
Net cash used in investing activities		**(2.082.333)**	(315.004)
Cash flows provided by financing activities			
Dividends paid to non-controlling interest shareholders		**(6.044)**	(8.624)
Capital increase of non-controlling shareholders		**26.950**	1.507
Dividend paid		**(40.000)**	(20.000)
Proceeds from borrowings from banks and other institutions		**7.507.722**	6.261.476
Repayments of borrowings and interest from banks and other institutions		**(5.914.983)**	(5.676.817)
Interest paid (-)		**(171.568)**	(96.342)
Net cash provided by financing activities		**1.402.077**	461.200
Currency translation on cash and cash transaction		**72.812**	18.581
Net decrease in cash and cash equivalents		**(788.671)**	(33.555)
Cash and cash equivalent at the beginning of the period	6	**1.153.597**	1.187.152
Total cash and cash equivalent at the end of the period		**364.926**	1.153.597
Interest income		**58.566**	55.960
Dividend income		**143**	184

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 and children of his two deceased brothers. 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, 2015 are authorized for issue by the Board of Directors on March 10, 2016, and are approved by the General Manager Sezai Tanrıverdiand the Finance Director Osman Elmas 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 and tourism) and other (information technologies, trade, asset management, real estate, energy).

The average number of personnel of the Group for the year ended at December 31, 2015 is 6.875 (December 31, 2014: 6.821).

List of Shareholders

As of December 31, 2015 and December 31, 2014 the composition of shareholders and their respective percentage of shareholding rates can be summarized as follows:

	December 31, 2015		December 31, 2014	
	Amount	**(%)**	Amount	(%)
Yazıcı Families	**60.640**	**37,90**	61.116	38,20
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**54.163**	**33,85**	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, 2015 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, 2014: 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, 2015 and December 31, 2014 are as follows:

	Place of incorporation	Principal activities	Segment	Effective shareholding and voting rights (%) December 31, 2015	December 31, 2014
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.	Turkey	Inactive	Automotive	**68,00**	68,00
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)	Turkey	Arrangement of travelling and organization facilities of the Group	Retailing	**68,00**	68,00
Anadolu Bilişim Hizmetleri A.Ş. (ABH) (11)	Turkey	IT, internet and e-commerce services	Other	**67,04**	66,43
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)	Turkey	Import, distribution and marketing of motor vehicles	Automotive	**67,99**	67,99
Anadolu Termik Santralleri Elektrik Üretim A.Ş. (Anadolu Termik)	Turkey	Production of electricity (Investment in progress)	Other	**68,00**	68,00
AES Elektrik Enerjisi Toptan Satış A.Ş. (AES Elektrik)	Turkey	Wholesale 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 (liquidated)	Retailing	**-**	48,94
Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya) (5)	Turkey	Production and transmission of electricity, and establishment and operation of distribution facilities	Other	**60,65**	63,85
Antek Teknoloji Ürünleri Pazarlama ve Ticaret A.Ş. (Antek Teknoloji)	Turkey	Inactive	Automotive	**68,00**	68,00
Georgia Urban Enerji LLC (GUE) (5)	Georgia	Production and sale of electricity	Other	**54,58**	57,47
AEH Anadolu Gayrimenkul Yatırımları A.Ş. (AEH Gayrimenkul)	Turkey	Purchase, sale, rental and management of real estate	Other	**68,00**	68,00
Ankara Anadolu Gayrimenkul Yatırımları A.Ş. (Ankara Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	**68,00**	68,00
Kartal Anadolu Gayrimenkul Yatırımları A.Ş. (Kartal Gayrimenkul) (7)	Turkey	Purchase, sale and rental of real estate	Other	**68,00**	-
Keyif Yiyecek Eğlence Hizmetleri A.Ş.	Turkey	Restaurant and cafe management	Other	**68,00**	68,00
Anadolu Aktif Teşebbüs ve Makine Ticaret A.Ş. (Anadolu Aktif Teşebbüs) (6)	Turkey	Inactive	Other	**68,00**	-
Atlas Varlık Yönetim A.Ş. (Atlas Varlık) (8)	Turkey	Asset management	Other	**68,00**	-
Kheledula Enerji Ltd. (9)	Georgia	Production and sale of electricity (Investment in progress)	Other	**68,00**	-
MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik) (10)	Turkey	Retailing	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% shares at Anadolu Elektronik, respectively. As a result, Anadolu Elektronik is controlled by Yazıcılar Holding A.Ş..
(4) Anelsan was liquidated on December 7, 2015.
(5) AEH's shares in Anadolu Kafkasya amounting to 4,71% have been sold to Paravani Energy B.V. on January 19, 2015. As a result, the Company's shares in Anadolu Kafkasya have decreased to 60,65% from 63,85% and the Company's shares in GUE have decreased to 54,58% from 57,47%.
(6) AEH and Yazıcılar have participated to Anadolu Aktif Teşebbüs ve Makine Ticaret A.Ş. which is established by partial division of Anadolu Motor, a subsidiary of the Group, on February 6, 2015, by 88,93% and 7,53% respectively. As a result the Yazıcılar's shareholding rate in Anadolu Aktif Teşebbüs has become 68,00%.
(7) AEH has participated in Kartal Anadolu Gayrimenkul Yatırımları A.Ş., registered on July 23, 2015 as the only shareholder. As a result, Yazıcılar's shareholding rate in Kartal Anadolu is 68,00%.
(8) AEH Sigorta has participated in Atlas Varlık Yönetim A.Ş., registered on September 18, 2015 at a rate of 99,99%. As a result, Yazıcılar's shareholding rate in Atlas Varlık is 68,00%.
(9) Anadolu Taşıt has participated in Kheledula Enerji Ltd., registered on September 16, 2015 as the only shareholder. As a result, Yazıcılar's shareholding rate in Kheledula Enerji Ltd. is 68,00%.
(10) AEH has acquired 80,5% of MH Perakendecilik ve Ticaret A.Ş. as noted on Note 3 on July 15, 2015. As the details are stated in Note 3, put option liability of AEH for the remaining 19,5% shares are recognized in the financial statements, as a result, Yazıcılar's shareholding rate in MH Perakendecilik is 68,00%.
(11) Capital of Anadolu Bilişim Hizmetleri A.Ş., a subsidiary of the Company has been increased on September 10, 2015. Among the partners, only AEH had participated in the capital increase. Therefore, AEH's shareholding rate in the Company has increased to 97,63% from 96,10%. As a result, the Company's shareholding rate in ABH has become 67,04%.

(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, 2015 and December 31, 2014 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			December 31, 2015	December 31, 2014
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 are currently quoted on the BIST.
(**) ABank's application to exit the stock market has been approved by the CMB, and since July 22, 2015 ABank shares have not been quoted on the BIST.

Joint Ventures

The investments in joint ventures accounted through equity method and their shareholding percentages at December 31, 2015 and December 31, 2014 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			December 31, 2015	December 31, 2014
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, sunflower and corn 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
Migros Ticaret A.Ş. (Migros) (Note 3) (*) (**)	Turkey	Sales of food and beverage and durable goods	**34,00**	-

(*) Shares of Anadolu Isuzu and Migros are currently quoted on the BIST.
(**) As the details are stated in Note 3, AEH, the subsidiary of the Group, has acquired 80,5% shares of MH Perakendecilik, which has 50% stake in Migros, to participate 40,25 % in Migros at July 15, 2015. As the details are stated in Note 3, put option liability of AEH for the remaining 19,5% shares are accounted in the financial statements, as a result, the Company's shareholding rate in Migros is 34,00%.

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.

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

Basis of Preparation of Financial Statements (cont'd)

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 (IAS/IFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

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, 33).

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, 2015	December 31, 2014
	Local Currency	**Functional Currency**	Functional Currency
AEH Handels	EUR	**EUR**	EUR
Oyex	EUR	**EUR**	EUR
GUE	Georgian Lari (GEL)	**GEL**	GEL
Kheledula Enerji Ltd.	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:

- The Group's financial leasing payables amounting to TRL 593 which was shown under due to related parties in the consolidated balance sheet as of December 31, 2014 is shown under current portion of long-term borrowings, and financial leasing payables amounting to TRL 537 which was shown under due to related parties, is shown under long-term borrowings.

Changes in Accounting Policies

New standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements as at December 31, 2015 are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and IFRIC interpretations summarized below.

Put Option

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary. The amount that may become payable under the option on exercise is initially recognized at fair value within borrowings with a corresponding charge directly to equity. The charge to equity is recognized separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries.

The Group recognizes the cost of writing such put options, determined as the excess of the fair value of the option over any consideration received, as a financial expense. Such options are subsequently measured at amortized cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financial expense. In the event that the option expires unexercised, the liability is derecognized with a corresponding adjustment to equity.

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

The new standards, amendments to published standards and interpretations effective applicable as of 31 December 2015

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

  - 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'
  - IFRS 9, "Financial instruments", IAS 37, "Provisions, contingent liabilities and contingent assets", and
  - IAS 39, "Financial instruments - Recognition and measurement"

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-2012-2013 cycle of the annual improvements project that affect 4 standards:

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

Standards and amendments issued but not yet effective as of 31 December 2015:

- 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.

- 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.

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

Standards and amendments issued but not yet effective as of 31 December 2015 (cont'd) :

- 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, 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.

- 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.

- IAS 27, "Separate financial statements "; 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.

- 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", regarding servicing contracts.
  - IAS 19, "Employee benefits" regarding discount rates.
  - IAS 34, 'Interim financial reporting' regarding disclosure of information.

- IAS 1, "Presentation of Financial Statements"; effective from annual periods beginning on or after January 1, 2016. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.

- 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 clarify to address issues that have arisen in the context of applying the consolidation exception for investment entities and their subsidiaries.

- IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after January 1, 2018. 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)

Standards and amendments issued but not yet effective as of 31 December 2015 (cont'd):

As the date of financial statements approval, following standards, interpretations and changes has been published as draft by the POAASA.

- IFRS 9, "Financial instruments"
- IFRS 15, "Revenue from contracts with customers"

Group will evaluate the effects of new and revised standards and interpretations on its operations and will be implemented after its 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)

Investments in the 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 11.1.

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.

Inventories releted to the real estate operations comprise of construction costs of housing units (completed and in-progress) and the cost of land used for to these housing projects. Land held for future development of housing projects are also classified as inventory. Housing units which are completed and ready for delivery to customers together with work-in progress costs for housing units which will be completed within a year, are classified as short term inventories in the consolidated financial statements. Borrowing costs attributable to qualifying projects are capitalized.

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.

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

Summary of Significant Accounting Policies (cont'd)

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.

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)

2.9 Financial Instruments (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 and tourism) and other (information technologies, 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 Group 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 2015

Share transfer regarding the 40,25% indirect participation of AEH, a subsidiary of the Group, in Migros Ticaret A.Ş. (Migros) has been completed on July 15, 2015 after the approval of Competition Authority. Following the share transfer, 80,5% shares of MH Perakendecilik ve Ticaret A.Ş (MH Perakendecilik), which has 50% stake in Migros, belong to AEH and 19,5% shares of MH Perakendecilik belong to Moonlight Capital. Moonlight Capital owns 30,5% of the Migros shares directly and 19,5% of Migros shares are publicly traded. The balance paid for the acquisition of 80,5% shares of MH Perakendecilik, which has 50% stake in Migros, by AEH including the indirectly acquired Migros shares amounts to TRL 2.490.869.210 (full TRL) and this payment is the sum of TRL 1.061.957.852 (full TRL) and Euro 297.041.599 (full Euro) payments, which indicate an indirect purchase price of TRL 26,86 (full TRL) for each Migros share with a nominal value of TRL 1 (full TRL), and AEH's 80,5% share in total cash amount of MH Perakendecilik. Therefore, the net payment ends up as 1.924.655.768 (full TRL).

Under certain conditions and a time period, Migros will be managed jointly by AEH and the funds managed by BC Partners which controls Moonlight Capital. Therefore, in the financial statements Migros has been defined as a joint venture, and MH Perakendecilik which has 50% stake in Migros has been defined as a subsidiary of the Group. At the same time, for the 19,5% shares of Moonlight Capital in MH Perakendecilik, AEH has the right to buy (call option) and Moonlight Capital has the right to sell (put option) between May 1, 2017 and October 31, 2017. As of December 31, 2015 in Group's consolidated financial statements call option of AEH has not been accounted whereas put option liability arising from put option given to Moonlight Capital, amounting to TRL 474.515 has been accounted under "non-current liabilities". As a result of review of option's subjects and recognizing option liability, non-controlling interests related to regarding shares are not recognized in the Group's consolidated financial statements in accordance with related accounting standards. At the acquisition date, the difference amounting to TRL 549.701 between put option liability recognized in non-controlling interests and non-controlling interests amounting to TRL (92.524) that corresponds to 19,5% shares related to options, is recognized under investments accounted through equity method in the consolidated financial statements.

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

NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for the year of 2015 (cont'd)

Fair value of net assests in the financial statements as of the date on which shares of Migros and MH Perakendecilik were acquired is as the following:

	Fair Value	Book Value
Cash and cash equivalents	1.529.231	1.529.231
Trade and other receivables	69.273	69.273
Receivables due from related parties	41	41
Inventories	1.232.365	1.066.309
Derivative financial instruments	2.661	2.661
Other current assets	40.745	40.745
Financial instruments	1.165	1.165
Investment property	222.997	60.768
Property, plant and equipment	1.521.347	1.273.179
Intangible assets		
- Goodwill	-	2.251.427
- Other intangible assets	198.125	156.263
Other non-current assets	11.141	11.141
Financial borrowings	(2.463.696)	(2.463.696)
Trade and other payables	(2.192.917)	(2.192.917)
Trade payables due to related parties	(1.201)	(1.201)
Derivative financial instruments	(1.267)	(1.267)
Other liabilities	(296.820)	(296.820)
Deferred tax liability	(115.669)	(85.224)
Net carrying amount	**(242.479)**	**1.421.078**
Total cost of acquisition	2.490.869	2.490.869
Portion of the net assets acquired by the Group	185.644	855.225
Fair value difference in investments accounted through equity method	**2.305.225**	**1.635.644**
Total cost of acquisition	2.490.869	2.490.869
Proceeds due to the acquisition (-)	(567.133)	(567.133)
Net acquisition cost in consolidated financial statements	**1.923.736**	**1.923.736**

Transactions for the year of 2014

None.

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

NOTE 4 - JOINT VENTURES

Joint Ventures

			December 31, 2015			December 31, 2014		
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	**124.885**	**37,56**	**6.819**	128.936	37,56	13.197
Ana Gıda	Production and marketing of olive oil, sunflower and corn oil under Kırlangıç, Komili and Madra Brands	Turkey	**33.132**	**37,57**	**744**	32.478	37,57	(3.765)
Aslancık	Production of electricity	Turkey	**14.210**	**22,67**	**(24.922)**	37.638	22,67	(6.764)
Faber-Castell Anadolu LLC	Trading of all kinds of stationery	Russia	**-**	**19,34**	**-**	-	19,34	(1.769)
Migros (Note 3) (*) (**)	Sales of food and beverages and durable goods	Turkey	**2.238.866**	**34,00**	**(128.154)**	-	-	-
			2.411.093		**(145.513)**	199.052		899

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

(**) As the details are stated in Note 3, AEH, the subsidiary of the Group, has acquired 80,5% shares of MH Perakendecilik, which has 50% stake in Migros, to participate 40,25 % in Migros at July 15, 2015. As the details are stated in Note 3, put option liability of AEH for the remaining 19,5% shares are accounted in the financial statements, as a result, the Company's shareholding rate in Migros is 34,00%.

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

	December 31, 2015	December 31, 2014
Anadolu Isuzu		
Total assets	**881.203**	692.637
Total liabilities	**557.841**	358.735
Net assets	**323.362**	333.902
Group's interest in net assets	**124.885**	128.936
Revenue	**935.495**	729.144
Net income for the period	**17.744**	34.342
Group's share in net income of the joint venture	**6.819**	13.197

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

	December 31, 2015	December 31, 2014
Ana Gıda		
Total assets	**181.795**	178.541
Total liabilities	**114.381**	112.313
Net assets	**67.414**	66.228
Group's interest in net assets	**33.132**	32.478
Revenue	**306.105**	268.423
Net income /(loss) for the period	**1.346**	(6.815)
Group's share in net income/(loss) of the joint venture	**744**	(3.765)

(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, 2015	December 31, 2014
Aslancık		
Total assets	**470.309**	485.114
Total liabilities	**424.066**	372.188
Net assets	**46.243**	112.926
Group's interest in net assets	**14.210**	37.638
Revenue	**62.931**	33.728
Net loss for the period	**(74.773)**	(20.294)
Group's share in net loss of the joint ventures	**(24.922)**	(6.764)

Summary financial information of the Group's investment in joint ventures Faber Castell Anadolu LLC is as follows:

	December 31, 2015	December 31, 2014
Faber Castell Anadolu LLC		
Total assets	**6.621**	4.758
Total liabilities	**5.297**	2.403
Net assets	**1.324**	2.355
Group's interest in net assets (*)	-	-
Revenue	**11.853**	12.155
Net loss for the period	**(1.645)**	(4.115)
Group's share in net loss of the joint ventures	-	(1.769)

(*) 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.

(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 Migros is as follows:

	December 31, 2015	December 31, 2014
Migros		
Current assets	2.035.523	1.723.289
Non-current assets	3.725.194	3.857.298
Total assets	**5.760.717**	5.580.587
Short-term borrowings	212.910	633.801
Other current liabilities	2.512.761	2.145.967
Long-term borrowings	2.380.236	1.718.988
Other non-current liabilities	138.824	172.992
Total liabilities	**5.244.731**	4.671.748
Net assets	**515.986**	908.839
Attributable to:		
Non-controlling interests	644	554
Equity holders of the parent	**515.342**	908.285
Group's interest in net assets (*)	**2.238.866**	-
Revenues	9.389.829	8.122.667
Net loss/income for the period	(370.453)	96.191
Non-controlling interests	11	(7)
Equity holders of the parent	**(370.464)**	**96.198**
Group's interest in net loss	**(128.154)**	**-**
- Non-controlling interests	(41.009)	-
- Equity holders of the parent	(87.145)	-

(*) The balance includes fair value difference arising from recognizing acquisition transaction and put option liability as the details are stated in Note 3.

The movement of carrying value of the joint venture, Migros in the consolidated financial statements as of December 31, 2015 is as follows:

	December 31, 2015
Balance at July 15, 2015	**2.381.834**
Group's share in net loss	**(128.154)**
Group's share in currency translation differences	**(16.313)**
Group's share in revaluation funds	**1.499**
Balance at the end of period	**2.238.866**

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 and tourism) and other (information technologies, 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, 2015	Automotive	Retailing	Other	Unallocated	Consolidated
Sales	1.610.368	820.565	161.250	-	2.592.183
Inter-segment sales	5.071	3.612	22.517	(31.200)	-
Total Sales	**1.615.439**	**824.177**	**183.767**	**(31.200)**	**2.592.183**
GROSS PROFIT	**267.905**	**179.044**	**74.078**	**(24.894)**	**496.133**
General administrative expenses (-)	(53.017)	(59.797)	(121.656)	21.503	(212.967)
Marketing expenses (-)	(70.916)	(73.532)	(4.743)	3.184	(146.007)
Research and development expenses (-)	(1.817)	-	-	4	(1.813)
Other operating income	4.500	8.013	1.931	(460)	13.984
Other operating expenses (-)	(6.039)	(12.782)	(14.221)	258	(32.784)
Gain/ (Loss) from the investments accounted through equity method (*)	-	-	-	(180.338)	(180.338)
OPERATING PROFIT / LOSS	**140.616**	**40.946**	**(64.611)**	**(180.743)**	**(63.792)**
Income from investing activities	190.906	67.340	6.153	(244.123)	20.276
Expenses from investing activities (-)	-	(8.551)	(1.111)	-	(9.662)
OPERATING PROFIT/LOSS BEFORE FINANCIAL EXPENSE	**331.522**	**99.735**	**(59.569)**	**(424.866)**	**(53.178)**
Financial income	45.806	12.799	251.108	(6)	309.707
Financial expenses (-)	(225.871)	(39.276)	(301.050)	(16.411)	(582.608)
INCOME/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**151.457**	**73.258**	**(109.511)**	**(441.283)**	**(326.079)**
Tax Income/(Expense) from Continuing Operations	**(509)**	**(5.758)**	**1.632**	**50.709**	**46.074**
- Current period tax expense (-)	(812)	(7.770)	(3.478)	-	(12.060)
- Deferred tax income / (expense)	303	2.012	5.110	50.709	58.134
NET INCOME/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	**150.948**	**67.500**	**(107.879)**	**(390.574)**	**(280.005)**
Attributable to:	**150.948**	**67.500**	**(107.879)**	**(390.574)**	**(280.005)**
- Non-controlling interest	(79)	(7)	(8.068)	(61.264)	(69.418)
- Equity holders of the parent	151.027	67.507	(99.811)	(329.310)	(210.587)
Total Assets	**2.024.166**	**646.186**	**4.734.308**	**1.436.011**	**8.840.671**
Investments accounted through equity method	-	-	-	5.121.625	5.121.625
Total Liabilities	**1.622.782**	**357.392**	**2.207.763**	**335.524**	**4.523.461**
Purchases of tangible & intangible assets, assets used in renting activities and investment property	905.420	53.333	135.756	(9.798)	1.084.711
Depreciation and amortization	55.277	26.164	23.849	(22)	105.268

(*) Income recognized from ABank, Ana Gıda and Anadolu Isuzu amounting TRL 31.215 and expense recognized from Anadolu Efes, Aslancık and Migros amounting TRL 211.553 are recorded to gain/loss from the investments accounted through equity method in 'unallocated' segment.

(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	769.251	131.705	-	1.989.732
Inter-segment sales	4.602	2.637	21.998	(29.237)	-
Total Sales	1.093.378	771.888	153.703	(29.237)	1.989.732
GROSS PROFIT	196.965	162.575	59.110	(20.300)	398.350
General administrative expenses (-)	(44.680)	(49.551)	(105.140)	19.590	(179.781)
Marketing expenses (-)	(57.502)	(64.854)	(3.409)	1.782	(123.983)
Research and development expenses (-)	(1.407)	-	-	129	(1.278)
Other operating income	5.198	4.429	6.265	26	15.918
Other operating expenses (-)	(1.414)	(17.398)	(5.691)	38	(24.465)
Gain/ (Loss) from the investments accounted through equity method (*)	-	(1.769)	-	(124.244)	(126.013)
OPERATING PROFIT / LOSS	97.160	33.432	(48.865)	(122.979)	(41.252)
Income from investing activities	1.421	5.728	7.159	74	14.382
Expenses from investing activities (-)	(145)	(3.654)	(1.307)	28	(5.078)
OPERATING PROFIT/LOSS BEFORE FINANCIAL EXPENSE	98.436	35.506	(43.013)	(122.877)	(31.948)
Financial income	34.251	5.305	286.172	(56)	325.672
Financial expenses (-)	(76.241)	(20.772)	(192.514)	8	(289.519)
INCOME/EXPENSE BEFORE TAX FROM CONTINUING OPERATIONS	56.446	20.039	50.645	(122.925)	4.205
Tax Income/(Expense) from Continuing Operations	(10.209)	(11.955)	(8.811)	(2)	(30.977)
- Current period tax expense (-)	-	(8.078)	(18.166)	-	(26.244)
- Deferred tax income / (expense)	(10.209)	(3.877)	9.355	(2)	(4.733)
NET INCOME/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	46.237	8.084	41.834	(122.927)	(26.772)
Attributable to:	46.237	8.084	41.834	(122.927)	(26.772)
- Non-controlling interest	(226)	-	(2.012)	35.462	33.224
- Equity holders of the parent	46.463	8.084	43.846	(158.389)	(59.996)
Total Assets	1.385.890	534.345	3.200.981	1.444.409	6.565.625
Investments accounted through equity method	-	-	-	2.861.421	2.861.421
Total Liabilities	1.116.688	299.064	676.584	5.413	2.097.749
Purchases of tangible & intangible assets, assets used in renting activities and investment property	688.112	113.157	195.578	-	996.847
Depreciation and amortization	54.151	19.928	13.272	(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)

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, 2014: 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, 2015 and December 31, 2014 are reflected in "gain/loss from the investments accounted through equity method" line of the consolidated income statement as loss amounting to TRL 58.477 and loss amounting to TRL 161.265 respectively. Group has 17,00% shareholding rate at ABank (December 31, 2014: 17,00%). The result of ABank's operations for the period ended December 31, 2015 is reflected in "gain/loss from the investments accounted through equity method" line of the consolidated income statement as gain amounting to TRL 23.652 (December 31, 2014: TRL 34.353).

NOTE 6 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	December 31, 2015	December 31, 2014
Cash on hand	**2.035**	1.865
Cash in banks	**332.279**	1.137.335
Other liquid assets (*)	**30.612**	14.397
	364.926	1.153.597

(*) Other liquid assets consist of credit card receivables with less than 3 months maturity, checks in collection and direct billing system (DBS) balances.

	December 31, 2015			December 31, 2014		
	Amount	**Maturity**	**Interest rate (%)**	Amount	Maturity	Interest rate (%)
Cash in banks						
Demand deposit	**28.664**	-	-	32.916	-	-
-EUR	**8.801**	-	-	8.430	-	-
-USD	**8.473**	-	-	7.432	-	-
-GBP	**2**	-	-	-	-	-
-TRL	**10.898**	-	-	17.036	-	-
-GEL	**490**	-	-	18	-	-
Time deposit	**303.615**			1.104.419		
-EUR	**133.735**	**1 - 42 days**	**0,10 – 2,80**	18.457	1 – 90 days	0,10 – 3,30
-USD	**99.437**	**1 - 42 days**	**0,02 – 2,50**	987.192	1 – 44 days	0,10 – 3,30
-TRL	**70.443**	**1 - 67 days**	**7,50 – 13,60**	98.770	1 – 45 days	6,00 – 11,15
	332.279			1.137.335		

Cash and cash equivalents of Yazıcılar as of December 31, 2015 amounts to TRL 62.352, cash and cash equivalents of AEH, a subsidiary of the Company amounts to TRL 135.328. (December 31, 2014: TRL 87.706 and TRL 931.883).

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

NOTE 7 - FINANCIAL INVESTMENTS

	December 31, 2015		December 31, 2014	
	Amount	**Effective interest rate (%)**	Amount	Effective interest rate (%)
Investment funds	**2.426**	**-**	2.286	-
Shares listed on the BIST	**8.382**	**-**	400	-
Credit card receivables	**4.341**	**-**	2.810	-
Time deposits (*)	**29.157**	**-**	-	-
- Polinas Plastik ve Ticaret A.Ş. (Polinas)	**6.276**	**10,57**	6.276	10,57
- Other	**383**	**-**	183	-
	50.965		11.955	

(*) As of December 31, 2015 time deposits with maturities over three months are denominated in EURO. They are made for 100 days period and interest rate is 2,67%. (December 31, 2014: None)

NOTE 8 - BORROWINGS

	December 31, 2015	December 31, 2014
Bank borrowings	**755.190**	457.092
Current portion of long term borrowings	**740.956**	301.613
Financial leasing payables	**1.005**	593
Bonds issued (*)	**-**	50.000
Interest accruals of bonds issued (*)	**4.057**	781
Short term borrowings	**1.501.208**	810.079
Bank borrowings	**2.101.912**	988.749
Financial leasing payables	**1.922**	537
Bonds issued (*)	**100.000**	-
Long term borrowings	**2.203.834**	989.286
Total borrowings	**3.705.042**	1.799.365

(*) Çelik Motor, a subsidiary of the Company, has issued a bond to qualified investors without public offering at September 17, 2015, with 729 days maturity, 13,8 % interest rate and fixed coupon payment in every 6 months. The carrying amount of the bonds amounts to TRL 104.057 as of December 31, 2015. 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, 7,9% interest rate and fixed coupon payment in every 6 months. The carrying amount of the bonds amounts to TRL 50.781 as of December 31, 2014.

Total borrowings of AEH, a subsidiary of the Company as of December 31, 2015 amounts to TRL 1.160.502 (December 31, 2014: TRL 75.803).

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

NOTE 8 - BORROWINGS (cont'd)

As of December 31, 2015, the Group does not have any secured bank borrowings except subjects mentioned in Note 19 (December 31, 2014: None).

	December 31, 2015			December 31, 2014		
Short term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**599.731**	**8,6% - 17,0%**	-	330.203	9,3% - 14,3%	-
Borrowing in foreign currency (EUR)	**724.165**	**1,8% - 4,9%**	**Libor + (3,2% - 4,4%)**	307.034	2,5% - 6,3%	Libor + (3,2%)
Borrowing in foreign currency (USD)	**176.307**	**3,5% - 4,2%**	**Libor + (2,9% - 4,4%)**	122.249	2,4% - 6,1%	Libor + (2,5% - 4,2%)
Financial leasing payables in Turkish Lira	**1.005**	**7,2% - 8,0%**	-	593	7,2% - 8,0%	-
Bonds issued in Turkish Lira	-	-	-	50.000	7,9%	-
	1.501.208			810.079		
Long term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**47.618**	**10,8% - 14,6%**	-	65.320	8,6% - 12,5%	-
Borrowing in foreign currency (EUR)	**1.492.037**	**3,2% - 4,9%**	**Libor + (3,8% - 4,4%)**	439.621	3,2% - 4,9%	Libor + (3,2%)
Borrowing in foreign currency (USD)	**562.257**	**3,5% - 4,0%**	**Libor + (3,0% - 4,4%)**	483.808	2,9% - 3,5%	Libor + (3,0% - 4,4%)
Financial leasing payables in Turkish Lira	**1.922**	**8,6% - 8,9%**	-	537	8,9%	-
Bonds issued in Turkish Lira	**100.000**	**13,8%**	-	-	-	-
	2.203.834			989.286		
	3.705.042			1.799.365		

Repayments schedules of long-term borrowings are as follows:

	December 31, 2015	December 31, 2014
2016	-	297.238
2017	**304.367**	207.995
2018	**1.209.820**	33.624
2019	**184.512**	173.455
2020 and thereafter	**505.135**	276.974
	2.203.834	989.286

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

NOTE 9 - TRADE RECEIVABLES AND TRADE PAYABLES

9.1 Trade Receivables, Third Parties

	December 31, 2015	December 31, 2014
Trade receivables	**141.632**	120.435
Notes receivable and post-dated cheques	**76.711**	70.577
Less: provision for doubtful trade receivables	**(4.987)**	(3.215)
	213.356	187.797

As of December 31, 2015, the Group has long term trade receivables from third parties amounting to TRL 3.215 (December 31, 2014: None).

Movement of provision for doubtful trade receivables is as follows:

	December 31, 2015	December 31, 2014
Balance at January 1	**3.215**	2.005
Provisions	**1.774**	1.316
Reversal of provision (including collections)	**(2)**	(106)
Balance at the end of the period	**4.987**	3.215

The aging table of trade receivables, third parties as of December 31, 2015 and 2014 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
2015	**216.571**	**194.577**	**17.029**	**1.846**	**1.959**	**923**	**237**
2014	187.797	171.466	11.962	1.706	1.117	1.546	-

The amount of collaterals taken for the past due but not impaired trade receivables is TRL 5.509 (December 31, 2014: TRL 6.577). 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 and AEH Gayrimenkul, subsidiaries of the Group, for subsequent periods is as follows:

	December 31, 2015	December 31, 2014
(i) Less than one year	**248.305**	188.163
(ii) Between one year and five years	**170.581**	167.096
	418.886	355.259

9.2 Trade Payables, Third Parties

	December 31, 2015	December 31, 2014
Trade Payables	**188.709**	141.840
	188.709	141.840

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

10.1 Other Short Term Receivables, Third Parties

	December 31, 2015	December 31, 2014
Receivables from loans (*)	**81.677**	99.040
Other	**3.403**	4.575
	85.080	103.615

(*) 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 21.697. (December 31, 2014: TRL 13.755).

10.2 Other Long Term Receivables, Third Parties

	December 31, 2015	December 31, 2014
Deposits and collaterals given	**3.454**	3.389
	3.454	3.389

(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, 2015	December 31, 2014
Taxes payable	**25.556**	33.491
Due to personnel	**3.280**	3.785
Deposits and collaterals taken	**3.412**	1.910
Other	**442**	578
	32.690	39.764

As of December 31, 2015 the non-current portion of other payables to third parties is amounting to TRL 436 (December 31, 2014: TRL 394).

NOTE 11 – INVENTORIES

11.1 Short term inventories

	December 31, 2015	December 31, 2014
Raw materials	**39.050**	35.022
Semi-finished goods	**9.026**	9.479
Finished goods	**57.589**	50.359
Merchandise	**180.625**	80.894
Other inventories	**1.003**	438
Provisions for impairment in inventories (-)	**(4.293)**	(2.873)
	283.000	173.319

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

	December 31, 2015	December 31, 2014
Balance at January 1	**2.873**	215
Provision	**3.569**	2.658
Reversal of provision (-)	**(2.149)**	-
Balance at the end of the period	**4.293**	2.873

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

11.2 Long term inventories

	December 31, 2015	December 31, 2014
Incomplete housing project	**21.708**	-
	21.708	-

(*) Balance is related to the housing project of Kartal Gayrimenkul, a subsidiary of the Company which is operating in real estate development business located in Kartal district of İstanbul province and it includes capitalized financial expense amounting TRL 4.777.

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

NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	December 31, 2015	December 31, 2014
Investment in associate	**2.710.532**	2.662.369
Interest in joint ventures (Note 4)	**2.411.093**	199.052
	5.121.625	2.861.421

12.1 Associates

			December 31, 2015			December 31, 2014		
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	**2.310.884**	**27,66**	**(58.477)**	2.281.668	27,66	(161.265)
ABank (**)	Banking services	Turkey	**399.648**	**17,00**	**23.652**	380.701	17,00	34.353
			2.710.532		**(34.825)**	2.662.369		(126.912)

(*) Shares of Anadolu Efes is currently quoted on the BIST.
(**) ABank's application to exit the stock market has been approved by the CMB, and since July 22, 2015 ABank shares have not been 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, 2015	December 31, 2014
Current Assets	4.942.542	4.497.418
Non-Current Assets	17.101.548	15.616.387
Total Assets	**22.044.090**	20.113.805
Short-Term Borrowings	744.593	875.643
Other Current Liabilities	1.880.570	1.658.080
Long-Term Borrowings	4.638.623	3.631.155
Other Non-Current Liabilities	2.206.799	2.124.988
Total Liabilities	**9.470.585**	8.289.866
Net Assets	**12.573.505**	11.823.939
Attributable to:		
Non-controlling interests	4.865.449	4.214.684
Net assets of the equity holders of the parent	**7.708.056**	7.609.255
Group's share in net assets	**2.310.884**	2.281.668

Summary income statement:	**Anadolu Efes**	Anadolu Efes
	December 31, 2015	December 31, 2014
Revenue	10.205.146	10.021.383
Net Loss	(137.154)	(331.554)
Non-controlling interests	60.605	180.679
Equity holders of the parent	**(197.759)**	(512.233)
Group's share in net loss	**(58.477)**	(161.265)
-Non-controlling interest	(3.772)	(10.401)
-Equity holders of the parent	(54.705)	(150.864)

(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, 2015 and December 31, 2014 is as follows:

	December 31, 2015	December 31, 2014
Balance at January 1	**2.281.668**	2.861.949
Group's share in net loss	**(58.477)**	(161.265)
Group's share in currency translation differences	**161.584**	(433.628)
Non-controlling put option valuation fund	**(894)**	5.567
Dividends received	**(80.539)**	-
Cash flow hedge reserve	**8.916**	750
Group's share in remeasurement funds	**(1.374)**	(1.503)
Eliminations due to transactions between Group companies	**-**	9.798
Balance at the end of the period	**2.310.884**	2.281.668

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

Summary balance sheet:	**ABank**	ABank
	December 31, 2015	December 31, 2014
Total assets	13.942.040	11.205.415
Total liabilities	12.907.336	10.238.187
Net asssets	**1.034.704**	967.228
Attributable to:		
Non-controlling interests	12	9.215
Net assets of the equity holders of the parent	**1.034.692**	958.013
Group's share in net assets	**399.648**	380.701

Summary income statement:	**ABank**	ABank
	December 31, 2015	December 31, 2014
Interest, fee and commission income	1.224.238	1.165.920
Net income	95.717	138.952
Non-controlling interests	(1)	232
Equity holders of the parent	**95.718**	138.720
Group's share in net income	**23.652**	34.353

(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 ABank in the consolidated financial statements as of December 31, 2015 and December 31, 2014 is as follows:

	December 31, 2015	December 31, 2014
Balance at January 1	**380.701**	288.686
Group's share in net income	**23.652**	34.353
Group's share in revaluation funds	**(5.259)**	8.572
Group's share in remeasurement funds	**(377)**	(100)
Group's share in share premium	**5**	5
Group's share in transactions with non-controlling interests	**926**	(815)
Capital increase	**-**	50.000
Balance at the end of the period	**399.648**	380.701

Based on the shareholders agreement signed with The Commercial Bank of Qatar ("CBQ"), AEH, the subsidiary of the Group and Anadolu Aktif Teşebbüs, established by partial division (Note 1) which have 25% share in ABank in total, have an option to sell 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.

12.2 Joint Ventures

			December 31, 2015			December 31, 2014		
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	**124.885**	**37,56**	**6.819**	128.936	37,56	13.197
Ana Gıda	Production and marketing of olive oil, sunflower and corn oil under Kırlangıç, Komili and Madra Brands	Turkey	**33.132**	**37,57**	**744**	32.478	37,57	(3.765)
Aslancık	Production of electricity	Turkey	**14.210**	**22,67**	**(24.922)**	37.638	22,67	(6.764)
Faber-Castell Anadolu LLC	Trading of all kinds of stationery	Russia	**-**	**19,34**	**-**	-	19,34	(1.769)
Migros (Note 3) (*) (**)	Sales of food and drinks along with durable goods	Turkey	**2.238.866**	**34,00**	**(128.154)**	-	-	-
			2.411.093		**(145.513)**	199.052		899

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

(**) As the details are stated in Note 3, AEH, the subsidiary of the Group, has acquired 80,5% shares of MH Perakendecilik, which has 50% stake in Migros, to participate 40,25 % in Migros at July 15, 2015. As the details are stated in Note 3, put option liability of AEH for the remaining 19,5% shares are accounted in the financial statements, as a result, the Company's shareholding rate in Migros is 34,00%.

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

NOTE 13 - INVESTMENT PROPERTY

	December 31, 2015	December 31, 2014
Net book value at the beginning of the period	**149.123**	62.799
Additions (*)	**108.494**	86.687
Depreciation charge for the period	**(363)**	(363)
Net book value at the end of the period	**257.254**	149.123
Cost	**261.918**	153.424
Accumulated depreciation	**(4.664)**	(4.301)
Net book value	**257.254**	149.123

(*) Capitalized financial expense amounting TRL 32.397 is included in investment property. (December 31, 2014: TRL 11.250).

As of a result of valuation, the fair value of the investment property is calculated as TRL 633.081 as of December 31, 2015 (December 31, 2014: TRL 586.451).

(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, 2015	December 31, 2014
Cost		
Balance at January 1	**171.604**	46.461
Additions	**372.169**	207.447
Disposals	**(538.500)**	(283.428)
Transfers	**246.103**	201.124
Balance at December 31	**251.376**	171.604
Accumulated depreciation		
Balance at January 1	**7.093**	2.800
Depreciation charge for the period	**1.293**	2.025
Disposals	**(48.972)**	(48.644)
Impairment	**-**	642
Transfers	**44.444**	50.270
Balance at December 31	**3.858**	7.093
Net carrying amount	**247.518**	164.511

14.2 Non-Current Assets Used in Renting Activities

	December 31, 2015	December 31, 2014
Cost		
Balance at January 1	**829.382**	593.907
Additions	**515.414**	436.599
Transfers	**(246.103)**	(201.124)
Balance at December 31	**1.098.693**	829.382
Accumulated depreciation		
Balance at January 1	**66.986**	71.361
Depreciation charge for the period	**44.615**	45.895
Transfers	**(44.444)**	(50.270)
Balance at December 31	**67.157**	66.986
Net carrying amount	**1.031.536**	762.396

(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, 2015 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, 2015	39.032	334.626	375.336	13.175	50.460	2.736	139.864	69.701	1.024.930
Additions (*)	173	605	17.173	10.111	11.631	987	5.399	33.824	79.903
Disposals (-)	-	(7.377)	(43.118)	(5.516)	(3.790)	(652)	(12.663)	-	(73.116)
Currency translation differences	(452)	(6.318)	(2.814)	(15)	(31)	-	-	-	(9.630)
Transfers (**)	(846)	49.347	19.267	768	370	310	3.717	(90.364)	(17.431)
December 31, 2015	37.907	370.883	365.844	18.523	58.640	3.381	136.317	13.161	1.004.656
Accumulated depreciation									
At January 1, 2015	3.857	20.093	151.985	4.298	26.112	2.006	48.194	-	256.545
Depreciation charge for the period	1.110	6.686	26.704	3.263	6.782	269	9.402	-	54.216
Disposals (-)	(23)	(2.538)	(38.690)	(2.539)	(3.417)	(606)	(4.218)	-	(52.031)
Currency translation differences	(10)	-	2	21	(8)	-	-	-	5
Transfers (**)	(1.573)	(8.194)	(1.765)	-	(18)	275	-	-	(11.275)
December 31, 2015	3.361	16.047	138.236	5.043	29.451	1.944	53.378	-	247.460
Net carrying amount	34.546	354.836	227.608	13.480	29.189	1.437	82.939	13.161	757.196

(*) Capitalized financial expense amounting TRL 5.408 is included in property, plant and equipment additions.
(**) TRL 5.030 of property, plant and equipment is transferred to inventories, TRL 1.126 of property, plant and equipment 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, 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

(*) Capitalized financial expense amounting TRL 5.857 is included in property, plant and equipment additions.
(**) 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 16 - INTANGIBLE ASSETS

Movements of intangible assets for the year ended on December 31, 2015 are as follows:

	Rights	**Patents and licenses**	**Franchise**	**Other intangible non-current assets**	**Total**
Cost					
January 1, 2015	**30.853**	**27**	**1.051**	**3.037**	**34.968**
Additions	**8.678**	**-**	**-**	**53**	**8.731**
Disposals (-)	**-**	**-**	**-**	**(3)**	**(3)**
Currency translation differences	**-**	**13**	**-**	**-**	**13**
Transfers	**1.126**	**-**	**-**	**-**	**1.126**
December 31, 2015	**40.657**	**40**	**1.051**	**3.087**	**44.835**
Accumulated amortization					
January 1, 2015	**14.688**	**6**	**502**	**652**	**15.848**
Amortization charge for the period	**4.182**	**5**	**53**	**541**	**4.781**
December 31, 2015	**18.870**	**11**	**555**	**1.193**	**20.629**
Net carrying amount	**21.787**	**29**	**496**	**1.894**	**24.206**

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

	Rights	Patents and licenses	Franchise	Other intangible non-current 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

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

NOTE 17 - GOVERNMENT INCENTIVES AND GRANTS

As of December 31, 2015, the Group has investment incentives amounting to TRL 21.420 (December 31, 2014: TRL 1.494). As of December 31, 2015 deferred tax asset recognized from related investment incentives amounts to TRL 4.284 (December 31, 2014: TRL 299).

NOTE 18 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

18.1 Provision for Employee Benefits

The provisions for employee benefits as of December 31, 2015 and December 31, 2014 are as follows:

	December 31, 2015	December 31, 2014
Short-term	**11.764**	11.699
Provision for bonus	**7.098**	6.626
Provision for vacation pay liability	**4.666**	5.073
Long-term	**22.778**	20.804
Provision for employee termination benefits	**22.778**	20.804
	34.542	32.503

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 3,8284/year at December 31, 2015 and TRL 3,4382/year December 31, 2014, 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, 2015 and December 31, 2014 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, 2015	December 31, 2014
Discount rate – yearly (%)	**3,77**	3,18
Turnover rate to estimate the probability of retirement (%)	**94,73**	95,05

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 4,0925 effective from January 1, 2016 (January 1, 2015: TRL 3,5414) 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, 2015	December 31, 2014
Balance at January 1	**20.804**	19.551
Interest cost	**2.107**	1.721
Charge for the period (net)	**4.917**	4.672
Payments (-)	**(6.258)**	(5.553)
Actuarial loss	**1.208**	413
Balance at the end of the period	**22.778**	20.804

18.2 Other Provisions

The provisions as of December 31, 2015 and December 31, 2014 are as follows:

	December 31, 2015	December 31, 2014
Provision for litigations	**4.097**	1.993
Warranty provisions (*)	**730**	613
	4.827	2.606

(*) 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, 2015, the Group has no long term provisions (December 31, 2014: None).

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

NOTE 19 - COMMITMENTS

As of December 31, 2015 and December 31, 2014 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:

31.12.2015	**Total TRL Equivalent**	**Original Currency TRL**	**Original Currency Thousand USD**	**Original Currency Thousand EUR**
Letter of guarantees, pledge and mortgages provided by the Group				
A. Total amount of GPMs given on behalf of the Company's legal personality	**305.619**	70.818	78.644	1.931
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	**70.971**	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	-	-	-	-
	376.590	95.032	94.725	1.931

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 Group						
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

As of December 31, 2015, the ratio of other GPMs over the Group's equity is 0%. (December 31, 2014: 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 190.556, TRL 4.538, TRL 35.912 and TRL 1.823, respectively (December 31, 2014: TRL 156.641, TRL 1.247, TRL 32.859 and TRL 1.683).

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 46.756 (December 31, 2014 : TRL 37.290)

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.

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 bandrole principal and interests have been canceled by courts of first instance. Appeal process is still going on since there is considerably high possibility of a favorable case result, there are not any provisions booked in the consolidated financial statements for the related notifications.

AEH, the subsidiary of the Group, has acquired 80,5% shares of MH Perakendecilik, which has 50% stake in Migros, to participate 40,25 % in Migros shares at July 15, 2015. AEH has pledged shares of MH Perakendecilik for the payment of the long term loan which is borrowed for the related acquisition till the end of the maturity of loan.

For the 19,5% shares of Moonlight Capital in MH Perakendecilik, a subsidiary of the Group, AEH has "the right to buy" and Moonlight Capital has "the right to sell" between May 1, 2017 and October 31, 2017. Put option liability of Moonlight Capital amounting to TRL 474.515 has been recognized under "non-current liabilities" while call option of AEH has not been recognized in the consolidated financial statements as at December 31, 2015.

NOTE 20 – PREPAID EXPENSES

20.1 Short-term Prepaid Expenses

	December 31, 2015	December 31, 2014
Prepaid expenses	**30.224**	20.749
Advances given	**18.930**	9.633
	49.154	30.382

20.2 Long-term Prepaid Expenses

	December 31, 2015	December 31, 2014
Prepaid expenses	**16.374**	5.364
Advances given	**-**	2.389
	16.374	7.753

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

NOTE 21 - OTHER ASSETS AND LIABILITIES

21.1 Other Current Assets

	December 31, 2015	December 31, 2014
VAT receivable	**114.398**	103.989
Work advances	**5.509**	1.648
Personnel advances	**603**	130
Income accruals	**100**	889
Other current assets	**2.607**	3.705
	123.217	110.361

21.2 Other Non-Current Assets

	December 31, 2015	December 31, 2014
VAT receivable	**26.664**	9.359
Capital advance given	**-**	200
Other non-current assets	**54**	226
	26.718	9.785

21.3 Other Current Liabilities

	December 31, 2015	December 31, 2014
Deferred income	**20.807**	7.978
Advances taken	**7.722**	15.669
Other payables	**86**	10
	28.615	23.657

21.4 Other Non-Current Liabilities

	December 31, 2015	December 31, 2014
Put option liability (Note 3)	**474.515**	-
Deferred income	**3.736**	11.602
	478.251	11.602

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

NOTE 22 - EQUITY

Shared Capital / Adjustments to Share Capital and Equity Instruments

	December 31, 2015		December 31, 2014	
	Amount	**(%)**	Amount	(%)
Yazıcı Families	**60.640**	**37,90**	61.116	38,20
Kamil Yazıcı Yönetim ve Danışma A.Ş.	**54.163**	**33,85**	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, 2015 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, 2014: 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, 2015 and December 31, 2014 is as follows (historical amounts):

	December 31, 2015		December 31, 2014	
	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 2015, other sources which may be subject to profit distribution amount to TRL 181.789.

	December 31, 2015	December 31, 2014
Revaluation and remeasurement (loss) / income	**(309)**	4.142
- Available for sale financial assets	**(1.913)**	1.702
- Non-controlling put option valuation fund	**1.604**	2.440

	December 31, 2015	December 31, 2014
Restricted reserves allocated from net profit	**30.090**	28.732

Retained Earnings

As of December 31, 2015 and December 31, 2014 the summary of equity reserves, extraordinary reserves, other profit reserves, and retained earnings are as follows:

	December 31, 2015	December 31, 2014
Equity reserves	**1.166**	1.166
Extraordinary reserves	**201.897**	216.094
Other profit reserves	**2.558**	2.558
Retained earnings	**3.384.881**	3.467.912
	3.590.502	3.687.730

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, 2015	December 31, 2014
Revenue	**2.523.095**	1.921.007
Service income	**69.088**	68.725
Cost of goods sold (-)	**(2.096.050)**	(1.591.382)
	496.133	398.350

The details of cost of sales realized in years 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Cost of inventories and merchandises	**1.448.260**	1.064.665
Payroll expenses	**156.654**	138.788
Rent expenses	**99.120**	86.828
Depreciation and amortization expenses of tangible and intangible assets and assets used in renting activities	**87.996**	73.618
Other expenses	**304.020**	227.483
	2.096.050	1.591.382

NOTE 24 - OPERATING EXPENSES

	December 31, 2015	December 31, 2014
General administrative expenses	**212.967**	179.781
Marketing expenses	**146.007**	123.983
Research and development expenses	**1.813**	1.278
	360.787	305.042

	December 31, 2015	December 31, 2014
General administrative expenses		
Payroll expenses	**126.863**	113.765
Consultancy and services rendered expenses	**17.313**	11.026
Depreciation and amortization expenses of tangible and intangible assets and investment properties	**12.837**	10.564
Rent expenses	**8.926**	4.562
Taxes and duties	**5.202**	9.187
Transportation expenses	**3.125**	3.752
Maintenance and repair expenses	**2.478**	2.478
Utility expenses	**2.073**	2.048
Insurance expenses	**1.592**	1.329
Other expenses	**32.558**	21.070
	212.967	179.781

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

NOTE 24 - OPERATING EXPENSES (cont'd)

	December 31, 2015	December 31, 2014
Marketing expenses		
Advertisement and promotion expenses	**58.043**	51.050
Payroll expenses	**27.221**	25.775
Transportation expenses	**6.913**	7.008
Depreciation and amortization expenses	**4.074**	2.915
Fair expenses	**3.519**	933
License expenses	**3.322**	2.057
Services rendered expenses	**2.398**	1.940
Exportation expenses	**934**	804
Contribution to dealers' selling expenses	**868**	750
Other expenses	**38.715**	30.751
	146.007	123.983

NOTE 25 - EXPENSES BY NATURE

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

	December 31, 2015	December 31, 2014
Depreciation and amortization expenses		
Cost of sales	**87.996**	73.618
General administrative expenses	**12.837**	10.564
Marketing expenses	**4.074**	2.915
Research and development expenses	**361**	245
	105.268	87.342

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

	December 31, 2015	December 31, 2014
Payroll expenses		
Cost of sales	**156.654**	138.788
General administrative expenses	**126.863**	113.765
Marketing expenses	**27.221**	25.775
Research and development expenses	**1.032**	814
	311.770	279.142

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

NOTE 26 - OTHER OPERATING INCOME/EXPENSES

26.1 Other Operating Income

	December 31, 2015	December 31, 2014
Foreign exchange gains arising from trading activities	**3.528**	3.987
Commission income	**1.232**	224
Restaurant contract termination compensation income	**1.115**	-
Restaurant contract violation compensation income	**1.081**	-
Reversal of provision	**1.062**	4.390
Withdrawal income from second hand vehicle sale	**558**	594
Insurance compensation income	**110**	3.354
Rediscount gain from trading activities	**24**	-
Other	**5.274**	3.369
	13.984	15.918

26.2 Other Operating Expenses

	December 31, 2015	December 31, 2014
Provision for doubtful receivables	**10.692**	5.536
Donations	**7.992**	2.601
Restaurant closing expenses	**4.432**	2.289
Foreign exchange losses arising from trading activities	**3.461**	3.484
Rediscount expenses from trading activities	**1.305**	84
Litigation expenses	**1.084**	-
Restaurant pre-operating expenses	**-**	7.103
Other	**3.818**	3.368
	32.784	24.465

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

NOTE 27 – INCOME/EXPENSES FROM INVESTING ACTIVITIES

27.1 Income from Investing Activities

	December 31, 2015	December 31, 2014
Gain on sale of property, plant and equipment	**15.538**	6.728
Rent income	**4.238**	3.898
Gain on revaluation of marketable securities	**357**	999
Dividend income	**143**	184
Gain on sale of marketable securities	**-**	2.427
Other income	**-**	146
	20.276	14.382

27.2 Expenses from Investing Activities

	December 31, 2015	December 31, 2014
Loss on sale of property, plant and equipment	**8.564**	3.789
Loss on revaluation of marketable securities	**1.030**	936
Loss on sale of marketable securities	**68**	341
Other expenses	**-**	12
	9.662	5.078

NOTE 28 - FINANCIAL INCOME

	December 31, 2015	December 31, 2014
Foreign exchange gain	**242.511**	264.675
Interest income	**58.566**	55.960
Derivative transactions income	**8.630**	5.037
	309.707	325.672

NOTE 29 - FINANCIAL EXPENSES

	December 31, 2015	December 31, 2014
Foreign exchange loss	**392.114**	193.223
Interest expense	**168.196**	92.349
Put option liability revaluation expense (Note 3)	**16.417**	-
Other expenses	**5.881**	3.947
	582.608	289.519

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

NOTE 30 - 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 (2014: 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% (2014: 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.

The corporation tax rate in Georgia in where GUE, a subsidiary of the Group, operates is 15%. (2014: %15).

30.1 Current Income Tax Assets and Tax Provision

	December 31, 2015	December 31, 2014
Current income tax assets	**41.111**	9.838
Income tax payable (-)	**(444)**	(1.291)
Net tax asset / (liability)	**40.667**	8.547

	December 31, 2015	December 31, 2014
Balance at January 1	**8.547**	(5.322)
Income tax expense	**(12.060)**	(26.244)
Paid taxes (-)	**44.180**	40.979
Other	**-**	(866)
Balance at the end of the period	**40.667**	8.547

30.2 Deferred Tax Assets and Liabilities

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

	December 31, 2015	December 31, 2014
Deferred tax asset	**77.068**	16.295
Deferred tax liability (-)	**(44.168)**	(43.275)
Total deferred tax asset / (liability), net	**32.900**	(26.980)

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

NOTE 30 - TAX ASSETS AND LIABILITIES (cont'd)

30.2 Deferred Tax Assets and Liabilities (cont'd)

Movement of net deferred tax asset as of year ended on December 31, 2015 is as follows:

	Balance December 31 ,2014	**Recorded to income statement**	**Balance December 31, 2015**
Property, plant and equipment, intangibles, inves property and assets used in renting activities	**(61.927)**	**19.463**	**(42.464)**
Tax loss carried forward	**27.984**	**(8.929)**	**19.055**
Employee termination benefit	**4.142**	**402**	**4.544**
Inventories	**-**	**48.754**	**48.754**
Investment incentive	**299**	**3.985**	**4.284**
Provision for doubtful receivables	**299**	**101**	**400**
Hedge accounting	**(471)**	**(4.004)**	**(4.475)**
Other	**2.694**	**108**	**2.802**
Net deferred tax (liability)/asset	**(26.980)**	**59.880**	**32.900**
Currency translation difference	**-**	**(1.504)**	**-**
Actuarial (loss)/gain fund	**-**	**(242)**	**-**
	(26.980)	**58.134**	**32.900**

The movement of net deferred tax liability as of year ended on December 31, 2014 is as follows:

	Balance December 31 ,2013	Recorded to income statement	Balance December 31, 2014
Property, plant and equipment, intangibles, investment property and assets used in renting activities	(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)

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

	December 31, 2015	December 31, 2014
2020	**101.508**	-
2019	**34.218**	27.801
2018	**164.696**	17.776
2017	**12.327**	12.352
2016	**58.764**	9.611
2015	**-**	17.396
	371.513	84.936

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

NOTE 30 - TAX ASSETS AND LIABILITIES (cont'd)

30.3 Tax Expense

	December 31, 2015	December 31, 2014
Income tax expense (-)	**(12.060)**	(26.244)
Deferred tax income/(expense)	**58.134**	(4.733)
	46.074	(30.977)

	December 31, 2015	December 31, 2014
Loss/profit before tax from continuing operations	**(326.079)**	4.205
Tax ratio of the Company using different ratio 15% (2014: 15%)	**11.912**	3.518
Tax ratio used by the parent company 20% (2014: 20%)	**49.333**	(5.531)
Non-deductible expenses	**(5.004)**	(1.227)
Non-taxable income (-)	**43.588**	7.330
Effect of investments accounted through equity method	**(36.068)**	(25.203)
Carry forwards tax losses that are not subject to deferred tax	**(21.763)**	(9.294)
Investment incentive (-)	**4.783**	-
Other	**(707)**	(570)
	46.074	(30.977)

NOTE 31 - EARNINGS PER SHARE

	December 31, 2015	December 31, 2014
Net loss	**(210.587)**	(59.996)
Weighted average number of shares	**160.000.000**	160.000.000
- Loss per share (full TRL)	**(1,32)**	(0,37)
- Loss per share (full TRL)	**(1,32)**	(0,37)

NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS

Since AEH, a subsidiary of the Company has participated in Migros indirectly as details given in Note 3, Migros is defined as a related party. Therefore, as of reporting period the Group's trade receivables and payables from Migros are shown as "trade payables due to related parties" and "trade receivables due from related parties" in the consolidated balance sheet. Trade receivables and payables related to Migros are shown as "trade receivables, third parties and trade payables, third parties" in the consolidated balance sheet as of December 31, 2014. Transactions made with Migros between July 1 – December 31, 2015 are shown under the "Sales of goods and services" and "Purchases of goods and other charges" notes under related party transactions heading.

32.1 Balances with Related Parties

Bank Balances with Related Parties

As of December 31, 2015 time deposits in ABank amounts to TRL 43.854 (December 31, 2014: TRL 358.425). As of December 31, 2015 time deposits in ABank have less than 3 months term and weighted average interest rate for TRL denominated time deposits is 11,60%, for USD denominated time deposits the rate is 1,31%, for EUR denominated time deposits, the rate is 0,05%.

As of December 31, 2015 loans given by ABank to related parties amount to TRL 133.896 (December 31, 2014: TRL 61.362). The Group's financial leasing payables to ALease is TRL 2.927 (December 31, 2014: TRL 1.130).

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

NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

32.2 Due from Related Parties

	December 31, 2015	December 31, 2014
Migros (2)	**8.867**	-
Anadolu Efes (1)	**1.466**	1.035
JSC Moscow Efes Brewery (Russia) (3)	**1.336**	1.835
Faber-Castell Anadolu LLC (Russia) (2)	**1.168**	639
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**1.075**	3.992
Efes Pazarlama Ticaret A.Ş. (Efpa) (3)	**1.044**	508
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**761**	492
Coca-Cola İçecek A.Ş. (3)	**611**	1.512
Anadolu Isuzu (2)	**503**	1.359
Anadolu Efes Spor Kulübü (5)	**470**	93
JSC Efes Kazakhstan Brewery (Kazakhstan) (3)	**439**	579
Efes Vitanta Moldova Brewery JSC (Moldova) (3)	**400**	672
JSC Lomisi (Georgia) (3)	**367**	134
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (3)	**359**	180
PJSC Efes Ukrayna (3)	**257**	887
ABank (1)	**86**	163
Other	**407**	552
	19.616	14.632

As of December 31, 2015 there is no amount in long term portion of due from related parties (December 31, 2014: 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 32 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

32.3 Due to Related Parties

	December 31, 2015	December 31, 2014
Anadolu Isuzu (2)	**5.382**	470
Efpa (3)	**157**	119
Anadolu Efes (1)	**91**	11
Migros (2)	**81**	-
Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)	**18**	13
Other	**8**	25
	5.737	638

As of December 31, 2015 there is no amount in long term portion of due to related parties (December 31, 2014: None).

32.4 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, 2015, the Group has not recorded any provisions for doubtful receivables, relating to amounts owned by related parties (December 31, 2014: 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, 2015 and December 31, 2014 are as follows:

	December 31, 2015	December 31, 2014
Sales of goods and services, net		
Anadolu Efes (1)	**29.096**	28.046
Efpa (3)	**25.179**	28.048
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**19.614**	20.878
Efes Breweries International N.V. (3)	**18.308**	24.276
Anadolu Isuzu (2)	**13.431**	12.402
ABank (1)	**8.373**	9.043
Tarbes (3)	**6.262**	4.590
Coca-Cola İçecek A.Ş. (3)	**4.962**	3.217
Migros (2)	**4.886**	-
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	**2.583**	2.128
Anadolu Efes Spor Kulübü (5)	**2.583**	1.818
ALease (3)	**2.030**	1.132
Other	**7.804**	8.086
	145.111	143.664

(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 32 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

32.4 Related Party Transactions (cont'd)

	December 31, 2015	December 31, 2014
Purchases of goods, property, plant & equipment and other charges		
Anadolu Eğitim ve Sosyal Yardım Vakfı (5)	**7.826**	2.094
Anadolu Isuzu (2)	**5.982**	1.746
Anadolu Efes (1)	**849**	33.523
Migros (2)	**588**	-
ABank (1)	**25**	88
Other	**1.098**	495
	16.368	37.946

	December 31, 2015	December 31, 2014
Financial Income / (Expense), Net		
ABank (1)	**5.758**	6.907
Alternatif Yatırım A.Ş. (AYatırım) (3)	**(2)**	-
ALease (3)	**-**	(123)
	5.756	6.784

	December 31, 2015	December 31, 2014
Various sales included in other income (includes dividends received)		
ABank (1)	**3.446**	2.595
AYatırım (3)	**309**	476
Anadolu Isuzu (2)	**155**	3
Anadolu Efes (1)	**71**	-
Coca-Cola Satış ve Dağıtım A.Ş. (3)	**24**	37
Polinas (5)	**24**	24
Ana Gıda (2)	**6**	42
Other	**60**	427
	4.095	3.604

(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 32 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

32.4 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, 2015 and December 31, 2014 are as follows:

	December 31, 2015	December 31, 2014
Short term benefits provided to key management personnel	**34.068**	30.743
Post-employment benefits	**232**	234
Total gain	**34.300**	30.977
Social Security employer share	**422**	378

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, 2015, donations amount to TRL 7.826 (December 31, 2014: TRL 2.094).

NOTE 33 - 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 33 - 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, 2015 and 2014 details of maximum credit risk exposure and aging of assets overdue but not impaired are stated below:

31.12.2015	**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)	**19.616**	**216.571**	**-**	**88.534**	**332.279**	**22.374**
- Maximum risk secured by guarantee	-	137.317	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	19.616	194.577	-	88.534	332.279	22.374
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	-	19.849	-	-	-	-
- Under guarantee	-	3.364	-	-	-	-
D. Net book value of impaired assets	-	2.145	-	-	-	-
- Overdue (gross book value)	-	7.132	-	23.698	-	-
- Impairment (-)	-	(4.987)	-	(23.698)	-	-
- Net value under guarantee	-	2.145	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-	-	-

31.12.2014	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	1.137.335	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	1.137.335	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	-	-	-	-	-	-

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

NOTE 33 - 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 137.317 that belongs to the guaranteed part of trade receivables as of December 31, 2015 consists of a letter of guarantee amounting to TRL 88.816, a DBS (direct billing system) guarantee amounting to TRL 25.642, a mortgage amounting to TRL 22.859. (December 31, 2014: letter of guarantee: TRL 63.521; DBS guarantee: TRL 34.665; mortgage: TRL 21.752; collateral bill: TRL 423; guarantee check: TRL37).

31.12.2015	**Receivables**				
	Trade receivables		**Other receivables**		
	Related party	**Other party**	**Related party**	**Other party**	**Deposits in banks**
1-30 days past due	**-**	**17.029**	**-**	**-**	**-**
1-3 months past due	**-**	**1.846**	**-**	**-**	**-**
3-12 months past due	**-**	**1.959**	**-**	**-**	**-**
1-5 years past due	**-**	**923**	**-**	**-**	**-**
Over 5 years past due	**-**	**237**	**-**	**-**	**-**
Amount secured with guarantee	**-**	**5.509**	**-**	**-**	**-**

31.12. 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 months past due	-	1.706	-	-	-
3-12 months past due	-	1.117	-	-	-
1-5 years past due	-	1.546	-	-	-
Over 5 years past due	-	-	-	568	-
Amount secured with guarantee	-	6.577	-	-	-

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, 2014	**Average exchange buying rate in the period**	**Exchange buying rate at December 31, 2015**
TRL /USD	Turkey	2,3189	2,7191	2,9076
TRL /EUR	Turkey	2,8207	3,0187	3,1776

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 33 - 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. 2015	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Thousand GBP	Thousand JPY
1. Trade receivables	14.498	3.077	1.747	-	-
2a. Monetary financial assets (cash and cash equivalents included)	260.165	34.663	50.156	-	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	7.769	1.990	619	4	-
4. Current assets (1+2+3)	**282.432**	**39.730**	**52.522**	**4**	**-**
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	**39**	13	-	-	-
8. Non - current assets (5+6+7)	**39**	**13**	**-**	**-**	**-**
9. Total assets (4+8)	**282.471**	**39.743**	**52.522**	**4**	**-**
10. Trade payables	22.952	7.779	94	8	-
11. Short - term borrowings and current portion of long - term borrowings	900.472	60.637	227.897	-	-
12a. Monetary other liabilities	518	162	15	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	**923.942**	**68.578**	**228.006**	**8**	**-**
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	2.054.294	193.375	469.548	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	**2.054.294**	**193.375**	**469.548**	**-**	**-**
18. Total liabilities (13+17)	**2.978.236**	**261.953**	**697.554**	**8**	**-**
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	**338.218**	**4.880**	**101.973**	**-**	**-**
19a. Total hedged assets	338.218	4.880	101.973	-	-
19b. Total hedged liabilities	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	**(2.357.547)**	**(217.330)**	**(543.059)**	**(4)**	**-**
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(2.703.573)**	**(224.213)**	**(645.651)**	**(8)**	**-**
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	**35.156**	**6.871**	**5.457**	**-**	**-**
24. Import	**931.215**	**49.729**	**261.701**	**57**	**257.376**

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

NOTE 33 - 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	67	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	108.928	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)	278.259	10.659	89.886	-	-
19a. Total hedged assets	307.312	10.659	100.186	-	-
19b. Total hedged liabilities	29.053	-	10.300	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(59.532)	178.433	(167.795)	-	-
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(337.791)	167.774	(257.681)	-	-
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	30.829	7.478	4.985	-	-
24. Import	616.670	46.833	175.496	92	206.088

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

NOTE 33 - 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, 2015	
	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	(64.610)	64.610
2- USD denominated hedging instruments(-)	1.419	(1.419)
3- Net effect in USD (1+2)	**(63.191)**	**63.191**
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(204.965)	204.965
5- Euro denominated hedging instruments(-)	32.403	(32.403)
6- Net effect in Euro (4+5)	**(172.562)**	**172.562**
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	(2)	2
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	(2)	2
TOTAL (3+6+9)	**(235.755)**	**235.755**

	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(-)	2.472	(2.472)
3- Net effect in USD (1+2)	41.377	(41.377)
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)	(5.953)	5.953

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

NOTE 33 - 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, 2015**	December 31, 2014
	Financial instruments with fixed interest rate		
Financial assets	Time deposits	**332.772**	1.104.419
Financial liabilities		**1.447.369**	1.064.815
	Financial instruments with floating interest rate		
Financial liabilities		**2.257.673**	734.550

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, 2015**	December 31, 2014
1% increase	**(21.954)**	(9.003)

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. In addition, with the support of the reliable lenders cash inflows and outflows are balanced. Liquidity risk arises from the possibility that a market for derivatives may not exist in some circumstances.

December 31, 2015

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	**3.932.614**	**4.314.043**	**870.282**	**957.867**	**2.295.233**	**190.661**
Borrowings	3.702.115	4.083.591	645.920	951.777	2.295.233	190.661
Financial lease payables	2.927	2.927	1.411	1.516	-	-
Trade payables	194.446	194.399	190.252	4.147	-	-
Other payables	33.126	33.126	32.699	427	-	-

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

NOTE 33 - 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, 2014

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	1.982.001	2.091.694	502.354	520.521	793.540	275.279
Borrowings	1.798.235	1.907.811	319.601	519.825	793.106	275.279
Financial lease payables	1.130	1.130	-	696	434	-
Trade payables	142.478	142.595	142.595	-	-	-
Other payables	40.158	40.158	40.158	-	-	-

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. Regarding capital risk management the Group follows net financial debt/equity ratio. Net financial debt is calculated by subtracting cash and cash equivalents from total financial debt.

NOTE 34 – FINANCIAL INSTRUMENTS

34.1 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, 2015 is as follows:

	December 31, 2015			December 31, 2014	
		Fair values		Fair values	
	Contract / Notional amount	**Assets**	**Liabilities**	Assets	Liabilities
Derivatives held for hedging:					
Receivables from operating leases	**337.646**	**22.374**	**-**	3.170	814
Derivatives held for trading:					
Currency swaps	**-**	**-**	**-**	4.781	-
		22.374	**-**	7.951	814
Short term		**15.852**	**-**	7.951	-
Long term		**6.522**	**-**	-	814
		22.374	**-**	7.951	814

NOTE 34 – FINANCIAL INSTRUMENTS (cont'd)

34.1 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.

34.2 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 34 – FINANCIAL INSTRUMENTS (cont'd)

34.2 Fair Values (cont'd)

	December 31, 2015		December 31, 2014	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial Assets				
Financial investments	**44.306**	**44.306**	5.496	5.496
	44.306	**44.306**	5.496	5.496
Financial Liabilities				
Borrowings	**3.705.042**	**4.036.240**	1.799.365	1.925.561
	3.705.042	**4.036.240**	1.799.365	1.925.561

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, 2015	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit /loss	**8.382**	**8.382**	**-**	**-**
Derivative financial assets	**22.374**	**-**	**22.374**	**-**
Derivative financial liabilities	**-**	**-**	**-**	**-**

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

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

NOTE 35 – DISCLOSURES OF INTERESTS IN OTHER ENTITIES

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

	December 31, 2015			
Subsidiary	Non-controlling interest (%)	Profit/loss allocated to non-controlling interest	Accumulated non-controlling interest	Dividend paid to non-controlling interest
AEH	**32%**	**(89.164)**	**690.914**	**-**

	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	-

Summary financial information for the related subsidiary is presented below:

Summary balance sheet:	**AEH**	AEH
	December 31, 2015	December 31, 2014
Current Assets	1.415.195	1.872.797
Non-Current Assets	5.384.394	2.648.608
Total Assets	**6.799.589**	4.521.405
Short-Term Borrowings	1.501.208	809.486
Other Current Liabilities	272.235	221.939
Long-Term Borrowings	2.203.834	988.749
Other Non-Current Liabilities	545.473	68.856
Total Liabilities	**4.522.750**	2.089.030
Net Assets	**2.276.839**	**2.432.375**
Attributable to:		
Non-controlling interests	117.734	87.764
Net assets of the equity holders of the parent	**2.159.105**	2.344.611

Summary income statement:	**AEH**	AEH
	2015	2014
Revenue	2.592.773	1.990.275
Net loss/income	(247.454)	85.354
Non-controlling interests	31.184	8.144
Equity holders of the parent	**(278.638)**	77.210

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

NOTE 35 – DISCLOSURES OF INTERESTS IN OTHER ENTITIES (cont'd)

Summary cash flow:	**AEH**	AEH
	December 31, 2015	December 31, 2014
Net cash used in operating activities	(252.743)	(222.406)
Net cash used in by investing activities	(2.082.104)	(325.605)
Net cash provided by financing activities	1.498.717	481.199
Net decrease in cash and cash equivalents	(763.317)	(48.230)
Cash and cash equivalent at the beginning of the period	1.065.891	1.114.121
Total cash and cash equivalent at the end of the period	**302.574**	1.065.891

NOTE 36 - SUBSEQUENT EVENTS

1) Based on Board's decision of Adel, a subsidiary of the Company dated February 4, 2016; within the registered capital of TRL 35.000 framework; raising its issued capital of TRL 7.875 to TRL 23.625 by increasing TRL 15.750 as an internal source in capital, paying TRL 11.791 out of TRL 15.750 from "positive differences in capital", and TRL 3.959 from "retained earnings", distributing the issued shares due to capital increase realised from internal resources to the shareholders in accordance with the Capital Market legislation's regulations regarding dematerialized system, applying to the Capital Markets Board and other related institutions for the realization of the capital increase and authorizing the Company management for the fulfillment of the necessary procedures have been decided unanimously.

2) Borrowing instruments with TRL 100.000 nominal value, 179 days maturity, redemption date of August 29, 2016 and "TRFCLKM81615" ISIN coded sold by Çelik Motor, a subsidiary of the Company, to qualified investors other than BIST, have started to be quoted among only qualified investors in Outright Purchases and Sales Market since March 8,2016 based on Board of BIST's decision dated March 19,2015.

3) On the Board of Directors meeting dated January 21, 2016 of ABank, an associate of the Company, it was decided to increase share capital by TRL 150.000 in cash.

4) Capital of Keyif Yiyecek Eğlence Hizmetleri A.Ş. which is a %100 subsidiary of AEH, a subsidiary of the Company has been raised by TRL 2.300 and increased to TRL 10.300 from TRL 8.000 on February 15, 2016.

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