

**Tümosan Engine and Tractor Industry Inc. and its
Subsidiaries**

Consolidated Financial Statements for the interim
period from January 1 to June 30, 2015 and the
Review Report

TÜMOSAN ENGINE and TRACTOR INDUSTRY INC.'s
REVIEW REPORT FOR THE PERIOD JANUARY 1 -
JUNE 30, 2015

To the Board of Management of Tümosan Engine and Tractor Industry Inc.:

Introduction

We have reviewed the accompanying interim statement of financial position (balance sheet) of Tümosan Engine and Tractor Industry Inc. (hereinafter the "Company") and its subsidiaries (hereinafter collectively the "Group") prepared as of June 30, 2015 and the related statements of comprehensive income, changes in equity and cash flows for the six-month interim period then ended. The Company's management is responsible for the preparation and fair presentation of the aforementioned condensed consolidated interim financial information in accordance with the Turkish Accounting Standard 34 (TAS 34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements 2410 (SRE 2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The scope of a review of interim financial information consisting of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures is substantially less than an audit conducted in accordance with the Standards on Auditing whose objective is to express an opinion. Consequently, a review of interim financial information does not provide assurance that an audit company may identify all material issues that may be determined in an independent audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with TAS 34.

Although not affecting our opinion, we would also like to draw attention to the following:

An other audit firm conducted the audit of the Company's consolidated financial statements for the prior period presented comparatively with the accompanying interim financial statements dated June 30, 2015 and expressed a positive opinion about those consolidated financial statements.

Istanbul, August 19, 2015
IRFAN INDEPENDENT AUDIT
and
CERTIFIED PUBLIC
ACCOUNTANCY INC.

Salim AKGÜL,
Responsible Partner, Chief
Auditor
Certified Public Accountant

Tümosan Engine and Tractor Industry Inc. and its Subsidiaries

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TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(BALANCE SHEETS) AS OF JUNE 30, 2015 AND DECEMBER
31, 2014**

		Reviewed June 30, 2015	Audited Revised (*) December 31, 2014	Audited Revised (*) December 31, 2013
	Note References			
ASSETS				
Current Assets		227,150,536	209,110,745	192,221,008
Cash and Cash Equivalents	5	2,459,870	1,229,935	5,376,059
Financial Investments	6	-	104,308	242,251
Trade Receivables				
- Trade Receivables from Related Parties	8-25	3,730,918	67,292	152,625
- Trade Receivables from Third Parties	8	81,921,354	78,332,124	54,758,269
Other Receivables				
- Other Receivables from Related Parties	9-25	9,967,073	10,477,580	131,435
- Other Receivables From Third Parties	9	122,890	-	-
Inventories	10	102,940,201	88,634,580	97,497,807
Prepaid Expenses	18	7,801,535	7,664,542	2,900,204
Assets Related to Current Tax	18	4,146,681	-	-
Other Current Assets	18	14,060,014	22,600,384	31,162,358
Fixed Assets		111,363,279	108,000,758	109,332,904
Other Receivables				
- Other Receivables From Related Parties		-	-	6,055,718
- Other Receivables From Third Parties		-	-	-
Investment Property	11	2,054,477	2,093,781	2,175,296
Tangible Fixed Assets	12	93,378,461	93,225,096	92,851,641
Intangible Fixed Assets				
- Goodwill		-	-	-
- Other Intangible Fixed Assets	13	15,837,401	12,660,443	8,236,529
Prepaid Expenses	18	92,940	-	-
Other Fixed Assets	18	-	21,438	13,720
TOTAL ASSETS		338,513,815	317,111,503	301,553,912

(*) See Note 2.A

The accompanying condensed notes are an integral part of the consolidated financial statements.

TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(BALANCE SHEETS) AS OF JUNE 30, 2015 AND DECEMBER
31, 2014**

		Reviewed June	Audited Revised (*) December 31, 2014	Audited Revised (*) December 31, 2013
	Note References	30, 2015		
RESOURCES				
Short-term Liabilities				
Short-term Borrowings	7	87,016,962	85,444,028	53,423,212
Short-term Portions of Long-term Borrowings		22,181,569	25,656,725	639,468
Other Financial Liabilities	7	-	-	2,906,810
Trade Payables		4,185,157	5,098,678	-
- Trade Payables to Related Parties	8-25	972,728	172,683	139,962
- Trade Payables to Third Parties	8	40,384,576	39,881,474	35,870,152
Other Payables				
- Other Payables to Related Parties	9-25	6,164	-	-
- Other Payables to Third Parties	9	3,931	3,000	105,299
Liabilities for Employee Benefits	17	1,564,390	1,332,697	1,146,217
Deferred Income	18	5,102,870	5,419,148	1,556,375
Tax Liability on Income for the Period	23	2,742,601	-	4,319,199
Short-term Provisions				
- Short-Term Provisions for Employee Benefits	16	581,848	579,343	518,366
- Other Short-term Provisions	14	6,372,416	5,845,270	5,847,546
Other Short-term Liabilities	18	2,918,712	1,455,010	373,818
Long-term Liabilities				
Long-term Borrowings		-	-	41,512
Long-term Provisions				
- Long-term Provisions for Employee Benefits	16	3,081,273	2,808,016	2,039,725
- Other Long-term Provisions		-	-	-
Deferred Tax Liability	23	380,535	951,589	1,645,578
Other Long-term Liabilities		-	-	-
EQUITY				
Equity of the Parent Company				
Paid-in Capital	19	248,035,045	227,907,870	244,403,885
Premiums/Allowances on Shares		248,035,045	227,907,870	236,057,395
Reserves on Retained Earnings	19	115,000,000	115,000,000	115,000,000
Capital Reserves	19	13,074,563	13,074,563	13,074,563
Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		13,843,979	10,504,898	3,954,095
- Revaluation and Measurement Gains/Losses		511,923	-	-
- Actuarial Gains/Losses from Pension Plans		39,371,136	39,371,136	39,371,136
Accumulated Profits/Losses	19	437,266	(112,686)	227,596
Net Income/Loss for the Period	24	46,730,878	28,324,897	-
Non-controlling Interests		-	-	8,346,490
TOTAL RESOURCES		338,513,815	317,111,503	301,553,912

(*) See Note 2.A

The accompanying condensed notes are an integral part of the consolidated financial statements.

TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS

CONSOLIDATED INCOME STATEMENTS FOR THE INTERIM PERIODS FROM JANUARY 01 to JUNE 30, 2015 and JANUARY 01 to JUNE 30, 2014

(Amounts are expressed in Turkish lira (TL) unless stated otherwise)

	Note References	Reviewed		Reviewed Revised**	
		01.01.2015 - June 30, 2015	01.04.2015 - June 30, 2015	01.01.2014 - 30.06.2014	01.04.2014 - 30.06.2014
Revenue	20	215,745,005	119,316,745	220,118,240	136,644,997
Cost of Sales (-)	20	(170,764,604)	(95,085,785)	(185,399,920)	(108,522,293)
GROSS PROFIT/(LOSS)		44,980,401	24,230,960	34,718,320	28,122,704
General Administrative Expenses (-)	21	(6,292,364)	(3,430,979)	(3,800,037)	(1,394,022)
Marketing Expenses (-)	21	(17,764,819)	(9,640,899)	(9,654,651)	(6,731,387)
Research and Development Expenses (-)	21	(1,910,913)	(1,053,529)	(853,950)	(446,588)
Other Real Operating Income		7,115,338	1,531,417	1,842,620	917,116
Other Real Operating Expenses (-)		(4,269,492)	(876,312)	(4,337,442)	(3,918,103)
REAL OPERATING PROFIT/LOSS		21,858,151	10,760,658	17,914,860	16,549,720
Income from Investing Activities		3,701	3,701	15,962	15,962
Expenses from Investing Activities (-)		(24,955)	-	-	-
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES		21,836,897	10,764,359	17,930,822	16,565,682
Financing Income		3,027,892	1,798,769	2,425,900	1,408,142
Financing Expenses (-)		(3,765,430)	(2,228,825)	(2,453,700)	(1,234,387)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		21,099,359	10,334,303	17,903,022	16,739,437
Tax Income/(Expense) from Continuing Operations		(2,034,059)	(51,986)	(3,374,497)	(2,824,940)
- Tax Income/(expense) for the Period	23	(2,742,601)	(375,104)	(4,038,341)	(2,103,835)
- Deferred Tax Income/(Expense) for the Period	23	708,542	323,118	663,844	(721,105)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	24	19,065,300	10,282,317	14,528,525	13,914,497
INCOME/(LOSS) FOR THE PERIOD		19,065,300	10,282,317	14,528,525	13,914,497
Distribution of Income/(Loss) for the period		19,065,300	10,282,317	14,528,525	13,914,497
Non-controlling Interests		-	-	659,198	659,198
Parent Company's Shares	24	19,065,300	10,282,317	15,187,723	14,573,695
Number of Shares		115,000,000	115,000,000	115,000,000	115,000,000
Earnings Per Share	24	0.1658	0.0894	0.1321	0.1267

(*) See Note 2.A

The accompanying condensed notes are an integral part of the consolidated financial statements.

TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE
INTERIM PERIODS OF JANUARY 01 - JUNE 30, 2015 and JANUARY 01 - JUNE 30, 2014**
(Amounts are expressed in Turkish lira (TL) unless stated otherwise)

	Note References	Reviewed		Reviewed Revised**	
		01.01.2015 - June 30, 2015	01.04.2015 - June 30, 2015	01.01.2014 - 30.06.2014	01.04.2014 - 30.06.2014
INCOME/(LOSS) FOR THE PERIOD	24	19,065,300	10,282,317	14,528,525	13,914,497
OTHER COMPREHENSIVE INCOME Not To Be Reclassified to Profit or Loss		549,952	389,608	(30,156)	(82,466)
Actuarial Gains/Losses from Employee Benefits					
- Actuarial Gain/Loss	16	687,440	487,009	(37,695)	(103,082)
- Deferred Tax Expense/Income		(137,488)	(97,401)	7,539	20,616
To Be Reclassified As Profit or Loss		-	-	-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)		549,952	389,608	(30,156)	(82,466)
TOTAL COMPREHENSIVE INCOME		19,615,252	10,671,925	14,498,369	13,832,031
Distribution of the Total Comprehensive Income		19,615,252	10,671,925	14,498,369	13,832,031
Non-controlling Interests		-	-	659,198	659,198
Parent Company's Shares		19,615,252	10,671,925	15,157,567	14,491,229

(*) See Note 2.A

The accompanying condensed notes are an integral part of the consolidated financial statements.

TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIODS OF
JANUARY 01 - JUNE 30, 2015 and JANUARY 01 - JUNE 30, 2014**

(Amounts are expressed in Turkish lira (TL) unless stated otherwise)

	Note References	Paid-in Capital	Share Premiums	Tangible Fixed Assets Valuation Funds	Restricted Profit Reserves	Capital Reserves	Actuarial Gains/Losses from Pension Plans	Accumulated Profits/Losses	Net Income/(Loss) for the Period	Equity of the Parent Company	Non- controlling Interests	Total Equity
January 1, 2015		115,000,000	13,074,563	39,371,136	10,504,898	-	(112,686)	28,324,897	21,745,062	227,907,870	-	227,907,870
Transfers	19	-	-	-	3,339,081	-	-	18,405,981	(21,745,062)	-	-	-
R&D Grants	19	-	-	-	-	511,923	-	-	-	511,923	-	511,923
Net Income/(Loss) for the Period	24	-	-	-	-	-	-	-	19,065,300	19,065,300	-	19,065,300
Other Comprehensive Income		-	-	-	-	-	549,952	-	-	549,952	-	549,952
June 30, 2015		115,000,000	13,074,563	39,371,136	13,843,979	511,923	437,266	46,730,878	19,065,300	248,035,045	-	248,035,045
January 1, 2014 – restated (*)		115,000,000	13,074,563	39,371,136	3,954,095	-	227,596	-	64,430,005	236,057,395	7,687,293	243,744,688
Dividend Paid		-	-	-	-	-	-	-	(17,250,000)	(17,250,000)	-	(17,250,000)
Transfers		-	-	-	6,550,803	-	-	40,629,202	(47,180,005)	-	-	-
Acquisition of Participating Interests (**)		-	-	-	-	-	-	(8,613,014)	-	(8,613,014)	(5,378,584)	(13,991,598)
Net Income/(Loss) for the Period		-	-	-	-	-	-	-	15,187,723	15,187,723	659,198	14,528,525
Other Comprehensive Income		-	-	-	-	-	(30,156)	-	-	(30,156)	-	(30,156)
June 30, 2014 – restated (*)		115,000,000	13,074,563	39,371,136	10,504,898	-	197,440	32,016,188	15,187,723	225,351,948	1,649,511	227,001,459

(*) See Note 2.A

The accompanying condensed notes are an integral part of the consolidated financial statements.

TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS SUBSIDIARIES

CONSOLIDATED CASH-FLOW STATEMENTS FOR THE INTERIM PERIODS OF JANUARY 01 - JUNE 30, 2015 and JANUARY 01 - JUNE 30, 2014

(Amounts are expressed in Turkish lira (TL) unless stated otherwise)

		Reviewed	
	Note References	June 30, 2015	Revised 30.06.2014
Net profit before tax		21,099,359	17,903,022
Reconciliation of net income to net cash provided by operating activities:			
Adjustments related to depreciation and amortisation expenses	11,12,13	6,994,599	5,340,236
Adjustments related to severance payment		914,808	229,902
Adjustments related to provision for doubtful receivables	8	2,157,763	-
Adjustments related to provision/(cancellation) for inventory impairment	10	308,373	-
Provision for unused vacation entitlements		25,090	128,371
Provision for impairment of shares		24,955	-
Provision for warranties, net		4,393,658	-
Provision for lawsuits, net		566,348	-
Interest and factoring expenses		453,586	-
Interest income		(4,420,700)	9,684
Net cash from operating activities before changes in operating assets and liabilities			
Change in assets and liabilities			
Adjustments related to changes in financial investments		79,353	
Adjustments related to increase/decrease in trade and other receivables		(5,869,883)	(33,350,222)
Adjustments related to increase/decrease in trade and other payables/receivables with related parties		(2,346,911)	50,475
Adjustments related to increase/decrease in inventories		(14,613,994)	(19,439,579)
Adjustments related to increase/decrease in other current assets		8,403,372	10,936,101
Adjustments related to increase/decrease in other fixed assets		(71,502)	13,335
Adjustments related to increase/decrease in trade payables		1,310,242	30,849,979
Adjustments related to other liabilities and provisions		1,993,353	(1,739,706)
Adjustments related to deferred income		(316,279)	137,076
Severance payments paid		308,882	-
Taxes paid		(4,146,681)	(6,138,024)
Other expenses (income) not requiring cash outflow (inflow), net		98,307	-
Net cash from/(used in) operating activities		17,346,098	4,930,650
Cash flows from investing activities			
Cash outflows from purchases of tangible and intangible fixed assets	12.13	(11,264,769)	(4,073,400)
Proceeds from the sales of tangible fixed assets		76,807	-
Net cash from/(used in) investing activities		(11,187,962)	(4,073,400)
Net cash used in financial activities			
Financial payables net	7	(4,388,677)	29,031,385
Interest paid		(1,417,580)	(2,375,747)
Interest earned		878,056	-
Dividend Paid		-	(17,250,000)
Share acquisition		-	(13,962,333)
Net cash from financial activities		(4,928,201)	(4,556,695)
Net increase/decrease in cash and cash equivalents		1,229,935	(3,699,445)
Cash and cash equivalents at the beginning of the period	5	1,229,935	5,376,059
Cash and cash equivalents at the end of the period	5	2,459,870	1,676,614

(*) See Note 2.A

The accompanying condensed notes are an integral part of the consolidated financial statements.

TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS

CONDENSED CONSOLIDATED NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2015

(Amounts are expressed in Turkish lira ("TL") unless stated otherwise)

Note 1 - The Company's Organization and Area of Activity

Tümosan Engine and Tractor Inc. (formerly Alçelik Çelik Yapı Construction Industry and Trade Inc.) (hereinafter "Tümosan" or the "Company") was established in 1975 to produce engine parts, transmission organs and similar equipment, but later on has concentrated its activities in the production of diesel engines and tractors. Tümosan, being Turkey's first diesel-engine manufacturer, has been supplying diesel engines for tractors manufactured under the same brand, as well as other manufacturers of diesel-powered vehicles for many years.

The Company was included in the privatization program on August 18, 1998, and the Company's shares belonging to the Mechanical and Chemical Industry Corporation were transferred to the Privatization Administration and it was decided to complete the privatization process within one year.

Four companies participated in the privatization tender held on April 24, 2000. Anadolu Joint Venture Group ranked first and Konya Selçuklu Joint Venture Group ranked second, according to the results of the tender. As the entrepreneurs determined to be the buyers as per the tender result were not able to sign the sales contract offered to them respectively within the given time period, the tender could not be concluded positively and their tender guarantees were forfeited in connection therewith.

Tümosan, which continued its activities limitedly after the tender, was attached to Sümer Holding on February 7, 2003.

The second tender for its privatization was announced in 2004 and Alçelik Çelik Yapı Construction Industry and Trade Inc. purchased Tümosan by means of an asset sale and the transfer was completed on July 1, 2004.

On December 5, 2012, 26% of the Company's shares were offered to the public at Istanbul Stock Exchange. The shares of Tümosan Engine and Tractor Industry Inc. are traded on the Istanbul Stock Exchange since 5 December 2012. The Company's headquarters and factory are located at the following addresses:

Head office:

Istanbul World Trade Centre A3 Blok Kat: 8, 34149-Istanbul/Turkey Factory:

Büyükkayacık Mahallesi Aksaray Çevre Yolu Caddesi No: 7/1, Selçuklu/Konya/Turkey

Information on the Company's shareholders and their shares is as follows:

	June 30, 2015	December 31, 2014
Name/Title	Share Rate %	Share Rate %
Ereğli Textile Tourism Industry and Trade Inc.	67.20	67.20
Muzaffer Albayrak	1.74	1.74
Ahmet Albayrak (son of Ahmet)	1.74	1.74
Bayram Albayrak	1.74	1.74
Nuri Albayrak	1.74	1.74
Kazım Albayrak	1.74	1.74
Mustafa Albayrak	1.74	1.74
Hedef Venture Capital Investment Trust Inc.	-	1.30
Free-float portion	22.36	21.06
Total	100.00	100.00

The Company is controlled by the Albayrak Family although Ereğli Textile Tourism Industry and Trade Inc. is the main shareholder.

TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS

CONDENSED CONSOLIDATED NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2015

(Amounts are expressed in Turkish lira ("TL") unless stated otherwise)

The upper limit of the Company's registered capital is TL 500 million with the Capital Markets Board's permission dated 29.06.2012 and numbered 22/778. The upper limit of the registered capital approved by the Capital Markets Board is valid for 2012-2016 (5 years).

As of 30 June 2015, the average number of white-collar workers employed by the Company is 171 (31 December 2014 - 176) and the number of blue-collar workers is 288 (31 December 2014 - 295).

Subsidiaries Included in Consolidation (According to effective rate)

Tümosan Foundry Inc.: It is engaged in all kinds of casting and processing activities and trading.

Tümosan Defence Inc.: It is engaged in the development of new products in defence and weapons industries, in R&D activities, in the contribution to the production and development of existing products, in the production, purchase and sale of weapons and subsidiary industry products thereof.

The consolidated interim financial statements as of June 30, 2015 have been prepared by consolidating the following subsidiaries in accordance with the full consolidation method:

Company	Ownership Ratio	
	June 30, 2015	December 31, 2014
Tümosan Foundry Inc.	100%	100%
Tümosan Defence Inc.	100%	-

Note 2 - Basis of Presentation of Financial Statements

A. Basis of Presentation Basis for

Preparing Financial Statements

The consolidated financial statements of the Group have been prepared, in accordance with the provisions of the Capital Markets Board's "Communiqué on Principles of Financial Reporting in Capital Markets (Serial: II, No: 14.1)" ("Communiqué") promulgated in the Official Gazette edition 28676 on 13 June 2013, on the basis of Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS) and attachments and interpretations thereof published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") in line with international standards. TAS/TFRS are being updated through communiqués in order to ensure compliance with the amendments in International Financial Reporting Standards ("IFRS"). With a decision of 17 March 2005 which would be effective from 1 January 2005, CMB announced that implementation of inflation accounting was not required for publicly listed companies. The financial statements of the Company have been prepared within the frame to this decision.

All items of significant importance in terms of content and amount, even if they are of a similar nature, are presented separately in the financial statements. Insignificant amounts are aggregated with items similar to each other in terms of their bases or functions. The recognition of the transaction or event over net amounts, due to the fact that the transaction or event require offsetting, or the monitoring of assets over the amounts less impairment cannot be regarded as a violation of the non-offsetting rule. Revenues earned due to the operations performed by the Company in the normal course of business are recognised on their net values provided that this is consistent with the nature of the transaction or event.

Entities are free to prepare their interim financial statements as complete or condensed set according to the Turkish Accounting Standard 34 "Interim Financial Reporting". In this context, the Group preferred to prepare condensed consolidated financial statements for the three-month interim period ended June 30, 2015.

TÜMOSAN ENGINE and TRACTOR INDUSTRY INC. and ITS

CONDENSED CONSOLIDATED NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2015

(Amounts are expressed in Turkish lira ("TL") unless stated otherwise)

Therefore, these condensed consolidated interim financial statements should be read together with the Group's consolidated financial statements dated December 31, 2014.

The financial statements have been prepared on the historical cost basis except for financial assets and liabilities, which are stated at fair value.

In accordance with TAS 34 "Interim Financial Reporting", financial reports to be presented for interim periods (3-, 6-, 9-month reportings) include the following:

- a) Statement of financial position (Balance sheet),
- b) Statement of comprehensive income,
- c) Statement of changes in equity,
 - (i) Statement of changes in equity, which shows all changes, or
 - (ii) Statement of changes in equity, which shows equity movements other than equity transactions made with shareholders authorised to act on their own behalf,
- d) Cash-flow statement,
- e) Disclosures/notes (selected notes) comprising summaries of significant accounting policies and other explanatory notes.

Business Combination Under Common Control

In 2014, the Company purchased 10,000,000 shares corresponding to 100% in the paid-in capital of TL 10,000,000 of Tümosan Foundry Inc., which is owned by the Company's main shareholder, at the rate of TL 20,000,000. Since business combinations [under common control should be accounted for by the pooling of interest method], i) goodwill should therefore not be included in financial statements, ii) financial statements should be adjusted when applying the pooling of interest method as if the combination was realised at the beginning of the reporting period in which the common control occurred and presented comparatively from the beginning of the reporting period in which the common control occurred, and iii) financial statements should be revised in consolidation procedures in accordance with the provisions of TAS, including financial statements' consolidation accounting, as if financial statements were prepared in accordance with TAS on or after the date on which the company that controls the group acquired the control of companies under common control because it would be appropriate to look from the point of view of the parent company in reflecting business combinations under common control to financial statements, the Group has revised its financial statements as of December 31, 2013 in this context. Thus, no goodwill or combination profit has been calculated as a result of these transactions and the difference arising from offsetting of the participation amount and the amount of its share in the acquired company's capital is reported directly under equity as "Effect of combinations involving ventures or entities under common control".

Depreciation and amortisation charges relating to tangible fixed assets, intangible fixed assets and investment properties in the Company's statements of financial position prepared as at December 31, 2013 and December 31, 2014 and comprehensive income for the periods from January 1 to December 31, 2013, January 1 to June 30, 2014 and January 1 to Aralık 31, 2014 were revised and presented. In addition, an adjustment amounting to TL 537,140 was made concerning the corporate income tax for the period of December 31, 2014. The depreciation and amortisation adjustments related to the Company's assets are as follows:

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Financial Statement Accounts	December 31, 2014	30.06.2014	December 31, 2013
Tangible Fixed Assets	984,486	639,376	2,024,247
Intangible Fixed Assets	306,975	515,397	435,074
Investment Property	453,013	466,888	499,020
Total Amount Revised	1,744,474	1,621,661	2,958,341
Deferred Tax (net)	(348,895)	(324,332)	(591,668)
Increase/Decrease in the Amount of Equity	1,395,579	1,297,329	2,366,673

Functional Currency

Turkish lira is the functional currency of the Company and its subsidiaries. **Going Concern**

The Group has prepared the financial statements on a going concern basis.

B. Amendments in TFRS**New and Amended Standards and Interpretations**

The accounting policies adopted in preparation of the consolidated financial statements for the period ended June 30, 2015 are consistent with those of the previous year, except for the new and amended TFRS standards and TFRIC interpretations effective as of January 1, 2014. The effects of these standards and interpretations on the Group's financial position and performance are disclosed in the related paragraphs.

New standards, amendments and interpretations that will be effective after 1 January**2014: TFRS 10 Consolidated Financial Statements (Amendment)**

TFRS 10 has been amended to provide an exception to the waiver of companies that meet the definition of an investment company from the consolidation provisions. With the exception introduced for the consolidation provisions, investment companies are required to account for their subsidiaries at fair value in accordance with the provisions of TFRS 9 Financial Instruments. If entities do not apply TFRS 9, they are required to account for at fair value in accordance with TAS 39 Financial Instruments: Recognition and Measurement. This amendment did not have a significant effect on the Group's financial position or performance.

TAS 32 Financial Instruments: Presentation - Offsetting of Financial Assets and Liabilities (Amendment)

The amendment clarifies the meaning of the expression "presence of a legal right available on offsetting the amounts accounted for" and clarifies the application area of TAS 32 offsetting principle in accounting systems (such as clearing offices) which are not realized simultaneously and where gross settlement is made. The amendments will be applied retrospectively for annual periods beginning on or after January 1, 2014. This standard did not have any significant effect on the Group's financial position or performance.

TFRS Interpretation 21 Levies

This interpretation clarifies that an entity should recognize a liability for a levy at the time the action that triggers the payment of the levy takes place in accordance with the relevant legislation. Furthermore, this interpretation clarifies that a levy liability can only be recognised progressively if the obligating event that triggers the payment occurs over a period of time in accordance with the relevant legislation.

- If an obligation is triggered on reaching a minimum threshold, the levy liability is not recognized as liability unless that minimum threshold is reached. This interpretation is effective for annual reporting periods beginning on or after 1 January 2014, whereby an earlier application is permitted. It is necessary to apply this interpretation retrospectively. This interpretation does not apply to the Group and did not have a significant effect on the Group's financial position or performance.

TAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets (Amendment)

POA has amended certain disclosures about the recoverable amounts of impaired assets under TAS 36 "Impairment of assets" after the amendment to TFRS 13 "Fair value measurement". The amendment provides additional disclosure requirements for the measurement of the recoverable amount of impaired assets (or an asset group) at fair value less costs to derecognise. This amendment will be applied retrospectively for annual periods beginning on or after 1 January 2014. This amendment affected the disclosure requirements and did not have a material impact on the Group's financial position or performance.

TAS 39 Financial Instruments: Recognition and Measurement - Novation of derivatives and continuation of hedge accounting (Amendment)

The amendment to this standard introduces a narrow exception to the provision that requires the cessation of the hedge accounting in the event that the hedging instrument is transferred to a central counterparty according to law or due to arrangements. This amendment will be applied retrospectively for annual periods beginning on or after 1 January 2014. This standard did not have any significant effect on the Group's financial position or performance.

Standards issued but not yet effective and not applied early

The new standards, interpretations and amendments published as of the date of approval of the consolidated financial statements but not yet effective for the current reporting period and not applied early by the Group are as follows. Unless otherwise stated, the Group will make the necessary changes that will affect its financial statements and notes after the entry into force of the new standards and interpretations.

TFRS 9 Financial Instruments - Classification and Disclosure

With the amendment made in December 2012, the new standard will be effective for annual periods beginning on or after January 1, 2018. The first phase of the standard TFRS 9 Financial Instruments introduces new provisions for the measurement and classification of financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and the measurement of financial liabilities that are classified as the ones which are measured by reflecting the fair value difference to profit or loss. These amendments require that the portion relating to credit risk of the fair value changes in this kind of financial liabilities be presented in the statement of other comprehensive income. The Group will assess the impact of the standard on its financial position and performance after the other phases of the standard are adopted by POA.

TAS 19 - Defined Benefit Plans: Employee Contributions (Amendment)

When accounting for defined benefit plans in accordance with TAS 19, contributions from employees or third parties should be taken into account. The amendment clarifies that if the amount of contribution is independent of the number of years of service, the entity should recognise this contribution in the year in which the service is given by deducting it from the cost of the service, rather than when it is paid or payable.

- The amendment will be applied retrospectively for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would have a material effect on the Group's financial position or performance.

TFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (Amendments)

TFRS 11 has been amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs with the exception of those principles that conflict with the guidance in this TFRS. Accordingly, the acquirer has to disclose information required by TFRS 3 and other TFRSs relevant for business combinations. The amendments will be applied prospectively for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. This amendment will not affect the Group's financial position or performance.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendment)

These amendments have prohibited the use of revenue-based calculation of depreciation for tangible fixed assets and significantly limited the use of revenue-based calculation of depreciation for intangible assets. The amendments will be applied prospectively for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. It is not expected that these amendments would affect the Group's financial position or performance.

Annual Improvements in TAS/TFRS:

In September 2014, POA issued the following amendments to the standards related to 'Annual Improvements to 2010 -2012 Cycle" and "Annual Improvements to 2011-2013 Cycle". The amendments are effective for annual periods beginning from July 1, 2014.

Annual Improvements - 2010-2012 Cycle

TFRS 2 "Share-based Payment": Definitions of vesting conditions were amended and performance condition and service condition were defined in order to resolve the problems. The amendment will be applied prospectively.

TFRS 3 "Business Combinations": A contingent consideration that is not classified as equity in a business combination is measured at fair value in subsequent periods and recognised in the income statement, whether or not it is within the scope of IFRS 9 Financial Instruments. The amendment will be applied prospectively for business combinations.

TFRS 8 "Operating Segments": The amendments are as follows: i) Operating segments may be combined/aggregated if aggregation is consistent with the core principles of the the standard; ii) Reconciliations of the total assets to the entity's assets shall be disclosed if this reconciliation is reported to the director who is authorised to take decisions related to operating activities. It is not expected that these amendments would affect the Group's financial position or performance. The amendments will be applied retrospectively.

TAS 16 "Property, Plant and Equipment" and TAS 38 "Intangible Assets": The amendment to IAS 16.35(a) and IAS

38.80(a) clarifies that revaluation may be performed as follows:

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i) Adjust the gross carrying amount of the asset to market value; or ii) Determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment will be applied retrospectively.

TAS 24 "Related Party Disclosures": The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment will be applied retrospectively.

Annual Improvements - 2011–2013 Cycle

TFRS 3 "Business Combinations": The amendment clarifies i) that not only joint ventures but also joint arrangements are excluded from the scope of TFRS 3, and ii) that this scope exception only applies to the accounting in the financial statements of the joint arrangement. The amendment will be applied prospectively.

TFRS 13 "Fair Value Measurement": It clarifies that the portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment will be applied prospectively.

TAS 40 "Investment Property": It clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment will be applied prospectively.

Annual Improvements - 2012-2014 Cycle

In April 2015, POA issued the following amendments to the standards related to "Annual Improvements to 2010-2014 Cycle". The amendments are effective for annual periods beginning from 1 January 2016.

- TFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- TFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to TFRS 7 to condensed interim financial statements
- TAS 19 Employee Benefits – regional market issue regarding discount rate
- TAS 34 Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'

This amendment is effective for annual reporting periods beginning on or after 1 January 2016, whereby an earlier application is permitted. It is not expected that these amendments would affect the Group's financial position or performance.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In September 2014, IASB amended IFRS 10 and IAS 28 to address the inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. This amendment clarifies that an investor should recognise a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. Gains or losses arising from remeasurement at fair value of investments held in the former subsidiary should only be accounted to the extent of unrelated investors' interest in the former subsidiary.

- Entities should apply this amendment prospectively for annual reporting periods beginning on or after January 1, 2016. Earlier adoption is permitted. It is not expected that these amendments would affect the Group's financial position or performance.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to TFRS 10[, TFRS 12] and IAS 28)

In April 2015, POA made amendments to TFRS 10, TFRS 12 and TAS 28 to address the following issues arising in the application of the exception for investment entities in TFRS 10 Consolidated Financial Statements: i) The exemption from presenting consolidated financial statements is available to a parent company that is a subsidiary of an investment entity if the investment entity measures all of its subsidiaries at fair value; ii) Only a subsidiary that is not itself an investment entity and that provides support services to an investment entity is consolidated. All other subsidiaries of the investment entity are measured at fair value; iii) Amendments to TAS 28 Investments in Associates and Joint Ventures allow an investor to retain the fair value measurement applied by the associate or joint venture that is an investment entity to its interests in subsidiaries when applying the equity method. These amendments are effective for annual periods beginning on or after 1 January 2016. Earlier adoption is permitted. It is not expected that these amendments would affect the Group's financial position or performance.

TAS 1: Disclosure Initiative (Amendments to TAS 1)

POA amended TAS 1 in April 2015. These amendments include narrow-focus improvements in the following areas: Materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies, presentation of items of other comprehensive income arising from investments accounted for in equity. These amendments are effective for annual periods beginning on or after 1 January 2016. Earlier adoption is permitted. It is not expected that these amendments would affect the Group's financial position or performance.

The new and amended standards and interpretations published by the International Accounting Standards Board (IASB) but not published by the Public Oversight, Accounting and Auditing Standards Authority (POA):

The below-mentioned new standards, interpretations and amendments in existing IFRS standards are published by IASB but are not yet effective for the current reporting period. However, these new standards, interpretations and amendments are not yet adapted to TFRS, or published, by POA and therefore do not form a part of TFRS. The Group will make the necessary changes in its financial statements and notes after these standards and interpretations become effective as TFRS standards.

Annual Improvements - 2010–2012 Cycle

IFRS 13 Fair Value Measurement: As explained in the basis for conclusion of the decision, short-term trade receivables and payables with no stated interest rate may be shown at the original invoice amount if the effect of discounting is immaterial. The amendments will be implemented immediately.

Annual Improvements - 2011–2013 Cycle

IFRS 15 — Revenue from Contracts with Customers: In May 2014, IASB published the common standard IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard specifies the requirements for the recognition and measurement of revenue. The Standard

is to be applied to the revenue from contracts with customers and is a model for the recognition and measurement of the sale of certain non-financial assets (such as tangible fixed asset outflows) that are not relevant for an entity's ordinary activities. IFRS 15 applies for annual reporting periods starting from 1 January 2017 onward. Earlier adoption is permitted. Two alternative applications are presented for transition to IFRS 15; full retroactive application or modified retroactive application. If modified retroactive application is preferred, prior periods will not be restated but comparative quantitative information will be provided in the notes to financial statements. The effects of this amendment on the Group's financial position and performance is being assessed.

IFRS 9 Financial Instruments – Final Standard (2014): On [24] July 2014, IASB issued the final version of its project IFRS 9 Financial Instruments, which is a replacement of IAS 39 Financial Instruments: Recognition and Measurement, consisting of classification and measurement, impairment and hedge accounting phases. IFRS 9 relies on a rational, single classification and measurement approach that reflects the business model and cash flow characteristics that are managed within financial assets. A single model has been established that can be applied to all financial instruments subject to impairment accounting with a forward "expected credit loss" model that will enable credit losses to be accounted for more timely. In addition, if banks and other entities choose an option to measure their financial payables at fair value, IFRS 9 addresses the so-called "own credit risk", which results in the recording of income in the income statement due to a decrease in the fair value of the financial liability due to the decrease in its creditworthiness. The standard also includes a hedging model developed to better correlate risk management economics with accounting practices. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Furthermore, amendments to 'own credit risk' are allowed to be applied early, alone, without changing the accounting for financial instruments. The Group is assessing the impact of the standard on its financial position and performance.

IAS 27- Equity Method in Separate Financial Statements (Amendments)

On [12] August 2014, IASB issued amendments to IAS 27 to reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. Accordingly, entities are required to recognise these investments:

- at cost
- in accordance with IFRS 9 (or IAS 39), or
- using the equity method.

Entities must apply the same accounting for each category of investments. Consequently, an amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 permits first-time adopters to account for their investments in separate financial statements using the equity method when applying IFRS 1 exemption during the acquisition of an investment for business combinations that occurred in the past. This amendment is effective for annual periods beginning on or after 1 January 2016 and must be applied retrospectively. Early application is permitted, with disclosure of such fact. It is not expected this amendment would affect the Group's financial position or performance.

IFRS 14 Regulatory Deferral Accounts: IASB has initiated a comprehensive project on Rate-regulated Activities in 2012. As part of the project, IASB has issued a limited scope standard to provide an interim solution for rate-regulated entities that will adopt IFRS for the first-time. This standard allows entities adopting IFRS for the first-time to recognise their regulatory deferral accounts that have been recognised according to generally accepted accounting principles in the same way in their transition to IFRS. This standard is effective for annual periods beginning on or after 1 January 2016, whereby an earlier application is permitted. It is not expected that the amendment would have any material effect on the Group's financial position or performance.

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture - Bearer Plants (Amendments): In June 2014, IASB issued an amendment that requires the recognition of "bearer plants" within the scope of the standard "IAS 16 - Property, plant and equipment". The published amendment states that bearer plants from biological assets, such as grape vines, rubber trees or date palms, bear produce more than one period after maturation and are held by entities during productive life. However, since bearer plants no longer undergo significant biological transformation once they reach their maturity and their functions are similar to production, the amendment reveals that bearer plants need to be accounted for within the scope of IAS 16 rather than IAS 41 and allows them to be valued either using the "cost model" or "revaluation model". The produce on the bearer pants will be accounted for using the fair value model less costs to sell in IAS 41. The amendments will be applied prospectively for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. The amendment does not apply to the Holding and is not expected to have a material effect on the Group's financial position or performance.

C. Summary of Significant Accounting

Policies Cash and Cash Equivalents

Cash and cash equivalents include cash, checking accounts and other short-term highly liquid investments with a maturity of 3 months or less at the time of purchase, which are readily convertible to cash and not subject to significant risks in terms of change in value.

Financial

Istruments

Financial Assets

The Company has classified its financial assets as trade receivables, available-for-sale financial investments and cash and cash equivalents. Classification is made according to the purpose of acquisition of financial assets. The management classifies the financial assets on the date of purchase.

Available-for-sale Financial Investments

The subsequent valuation following the initial recognition of available-for-sale securities classified under financial investments is made at fair value. Profit or loss arising from changes in the fair value of available-for-sale securities is presented in a separate line item under equity until the related assets are sold, converted to cash, or otherwise disposed of, or until their value decreases, and after that date, the accumulated fair value differences are associated with income and expenditure account.

The fair values of securities available for sale that are traded in active markets are determined either at the

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current market rates as of the balance sheet date or at the prices quoted on the Stock Exchange or at the current market buying prices.

Dividends received from securities available for sale are accounted for in dividend income. Trade

Receivables

Trade receivables are recognized with their invoiced amounts and are carried at their net values discounted using the effective interest rate method and, if any, after deducting provision for doubtful receivables in the following periods.

Notes and postdated cheques classified in trade receivables are carried at their discounted values amortised using the effective interest method.

The provision for doubtful receivables is recognized as an expense. If there is a concrete indication that the due receivables cannot be collected, a provision for doubtful receivables is allocated. The provision is the amount that is estimated by the Company management and considered to cover the possible losses that may arise from economic conditions or risks which the account carries by its very nature. Uncollectible receivables (bad debts) are completely deleted from the records in case they are detected. There are different indications for a receivable to be considered as a doubtful receivable, as follows:

- a) Data related to uncollectible rceivables in previous years,
- b) Debtor's ability to pay,
- c) Extraordinary circumstances arising in the current sector and the current economic environment.

The Company collects some of its receivables through factoring. The Company follows the related receivables in the financial statements since the collection risk belongs to the Company until the factoring company collects the transferred receivables from the customers. Advances received from the factoring company in exchange of these receivables are reported as factoring payables under "Financial Payables". Factoring expenses are accounted for on accrual basis in financing expenses account.

Impairment of Financial Assets

At each balance sheet date, financial assets or groups of financial assets are assessed on whether there are any indicators of impairment. An impairment loss exists if, after the initial recognition of a financial asset, one or more events occur and there is an objective indicator that the related financial asset, or assets group, is impaired in value due to the negative impact of the said event(s) on the foreseeable future cash flows of the related financial asset, or assets group. The amount of impairment on loans and receivables is the difference between the asset's carrying amount and the present value of its anticipated future cash flows, which are discounted using the financial asset's effective interest rate. The Company follows its receivables separately and does not allocate a collective provision.

For all financial assets, except for trade receivables where the carrying amount is written down by the use of a reserve (provision) account, the impairment is directly deducted from the carrying amount of the related financial asset. A trade receivable will be deducted and deleted from the reserve account if it cannot be collected. Changes in the reserve account are recognized in the statement of comprehensive income/(expense)

Negative differences between the acquisition cost and the fair value of available-for-sale financial assets are associated with the statement of comprehensive income in case the difference is significant and prolonged. Impairment losses recognized in profit or loss (income statement) relating to investments in equity

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instruments classified as available for sale are not reversed through profit or loss.

Except for equity instruments available for sale, if the impairment loss decreases in the following period and the decrease can be attributed to an event occurring after the impairment loss is recognized, the previously recognized impairment loss will be cancelled in the statement of comprehensive income in a manner that will not exceed the amount of the amortized cost that would have been achieved if the impairment of the investment had not been accounted for at the date the impairment was cancelled.

The increase occurred after the impairment in the fair value of available-for-sale equity instruments is accounted for directly in equity.

Financial Liabilities

Financial liabilities are accounted for at their fair value and are carried at amortized cost using the effective interest method in the following periods together with the interest expense calculated according to the effective interest rate.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the related interest expense over the relevant period. The effective interest rate is the rate at which the estimated future cash payments are discounted over the expected life of the financial instrument or a shorter period, where applicable, to arrive at the net present value of the related financial liability.

Bank Loans

All bank loans are recorded at time of the initial recognition at the cost value that is considered to reflect their fair value and that includes the transaction cost.

After initial recognition, the loans are shown with their net values discounted using the effective interest rate method. When calculating discounted value, costs at the time of initial issue and discounts and premiums during the reimbursement are taken into account.

Trade Payables

Trade payables are recognised at discounted cost value representing the fair value of the invoiced or uninvoiced amount related to the purchase of goods and services to be incurred in the future. A part of the Company's trade payables is paid by the factoring company and the bank and the Company owes the amount paid to the factoring company or bank. The related amounts are reported as factoring payables and letter of credit liabilities under "Financial Payables", respectively.

Recognition and Derecognition of Financial Assets and Liabilities

All purchases and sales of financial assets are recognized on the transaction date, i.e. on the date the Company commits to purchase or sell the asset. Such purchases and sales are trades that generally require the delivery of the financial asset within the time-frame determined by general custom and regulations of the market.

A financial asset (or part of a financial asset, or a part of a group consisting of similar financial assets) is derecognized;

- if the time relating to the right to obtain cash flow from the asset is over;
- if the Company has the right to obtain cash flow from the asset but is obligated to pay the full amount without spending too much time under an agreement requiring direct transfer to a third party;

- if, in the case the Company transfers its right to obtain cash flows from the asset, (a) all risks or rewards with respect to the asset have been transferred or (b) all controls on the asset have been transferred although all rights or rewards have not been transferred.

If, in the case the Company transfers its right to obtain cash flows from the asset, all risks or rewards with respect to the asset have not been transferred or controls on it have not been transferred, the asset is carried in the financial statements according to the Company's ongoing relationship with the asset. Financial liabilities are derecognized if the debts arising from these liabilities are abolished, cancelled or expired.

Netting / Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize an asset and settle the liability simultaneously.

Effects of Changes in Foreign Exchange Rates

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the transaction dates when they are initially recognized. Monetary assets and liabilities denominated in foreign currencies are measured at the rates prevailing at the reporting date and foreign exchange gains and losses resulting therefrom are recognized in the comprehensive income statement for the related period. All monetary assets and liabilities are translated at the period-end exchange rates and the related foreign exchange differences are recognized in the comprehensive income statement. Non-monetary items denominated in foreign currencies and measured at cost value are translated into functional currency at the rates prevailing at the initial transaction date. Non-monetary items denominated in foreign currencies and measured at fair value are translated into functional currency at the exchange rates prevailing at the time the fair value was determined.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ('reporting entity').

1. A person or a close member of that person's family is deemed related to the reporting entity in the following situations:

- a. If that person: has control or joint control over the reporting entity,
- b. has significant influence over the reporting entity,
- c. is a member of the key management personnel of the reporting entity or of a parent company of the reporting entity,

that person is considered a related party.

2. The entity is related to the reporting entity if any of the following conditions applies:

- a. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- b. The entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- c. Both entities are joint ventures of the same third party.
- d. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- e. The entity has a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity has itself such a plan, the sponsoring employers are also related to the reporting entity.
- f. The entity is controlled or jointly controlled by a person identified in (1).
- g. A person identified in subparagraph (i) of (1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost includes all costs incurred in bringing the inventories to their present location and condition. The components of cost included in inventories comprise direct costs of raw materials and supplies, direct labour costs and general production expenses. Direct raw materials and supplies, work in process, finished goods, commodities, and spare parts that consist other inventories are valued using the moving weighted average cost method. The allocation of fixed production overheads to the cost of inventories is based on the assumption that production facilities will be at normal capacity. If the level of actual production is close to normal capacity, this capacity is considered as normal capacity.

The Company has allocated provision for impairment of inventories for the parts of spare parts and commodity inventories that are not expected to be sold/used.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

If inventories are acquired on a deferred payment basis, and the difference between the purchase price and the paid price includes the financing element, these items are recognised as interest expense in the period in which they are financed.

Tangible Fixed Assets

Tangible fixed assets other than land are stated at cost less accumulated depreciation and impairment, if any. Lands are stated at fair value in accordance with the revaluation model as permitted by IAS 16 and are not depreciated. When the tangible assets are sold, the income or expense that arises after the deduction of the cost and accumulated depreciation of these assets from the related accounts is included in the comprehensive income/loss statement.

The initial cost of a tangible fixed asset comprises its purchase price, import duties, non-refundable taxes and any directly attributable costs of preparing the asset for its intended use. Expenses such as repair and maintenance that occur after the use of the tangible fixed asset has started are recognized as expense in the period in which they are incurred. If the expenditures made provide economic added value for the future use of the related tangible asset, these costs are added to the cost of the asset.

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Tangible fixed assets are capitalized and depreciated when their capacity is fully available for use. Depreciable assets are depreciated on prorata basis over their useful lives.

Depreciation periods are as follows:

	<u>Useful Life</u> <u>(Year)</u>
Buildings	50
Machinery, plant and equipment	4-20
Vehicles and equipment	4-5
Furniture and fixtures	2-10
Rights	7-14
Special Costs	5

The useful life and depreciation method are regularly reviewed and accordingly the compliance of the method and period of depreciation with the economic benefits to be gained from the related asset are looked through and thus prospective amendments are made if they are in compliance.

Lands and buildings are separable assets and are accounted for separately, even when they are acquired together. Depreciation is not allocated for assets such as plots and lands with terms of useful life that cannot be determined, or with an indefinite useful life.

Intangible Fixed Assets

Intangibles fixed assets consisting of software rights are recognized at acquisition cost. Software rights are amortized over their adjusted cost values using straight-line method of depreciation on prorata basis over 3 to 15 years.

The carrying values of intangible fixed assets are reviewed and the necessary provision is allocated if the changes in conditions and the events indicate a possible decrease in the carrying value.

Investment Property

Investment property is property held to earn rental income and/or for the purpose of capital appreciation. It is measured initially at cost, including transaction costs directly associated with acquisition. The book value also covers the cost of replacing a part of the investment property if the recognition principle of adding such costs is met. This value does not include daily expenditures made for the provision of services for investment properties. Depreciation is calculated using the ordinary depreciation method over the estimated useful life of the investment property other than land. In this context, depreciation period applied for buildings is 50 years.

Research and Development Expenses

Research expenditures are recognised as an expense when incurred. Costs incurred in development projects (related to the design and testing of new or improved products) are recognized as intangible fixed assets if the following conditions are met:

- In case the intangible asset is completed, it can be sold and used taking account of its technical feasibility;
- The management's intention to complete the intangible asset and either use it or sell it,

- the intangible assets can be used or sold,
- the demonstration of possible future economic benefits,
- Sufficient technical, financial and other resources for the completion, use or sale of the intangible asset;
- Reliable measurement of costs incurred during the development of the intangible asset.

Other development costs that do not meet these criteria are recorded as expense in the period in which they are incurred. Development costs recorded as expense in prior periods cannot be capitalized in subsequent periods. Capitalized development costs are recognized as intangible fixed assets and are amortized on a straight-line basis over the useful life not exceeding 5 years from the date the related asset is ready for use.

Government Grants

All government grants, including non-monetary government grants monitored at fair value, are recognized in the financial statements only when there is reasonable assurance that the Company will comply with necessary conditions attached to the grant and the grant will be received or when the Company receives the grant. Government grants are accounted for as a deduction from the costs of the capitalizable intangible fixed assets that are intended to be financed with these grants.

Impairment of Non-Financial Assets

Impairment test is conducted for depreciable assets if it is not possible for the asset to recover its carrying amount. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level where cash flows are separately identifiable (cash-generating units). Non-financial assets are reviewed at each reporting date for possible indications of impairment.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of assets that require significant time to be ready for their intended use or sale are capitalized as part of the cost of the related assets. Other borrowing costs are accounted for as expense in the periods they are incurred. Borrowing costs include interest and other costs incurred due to borrowing.

Provisions, Contingent Liabilities and Contingent Assets *Provisions*

Provisions are only recognized if, and only if the Company has a present obligation resulting from a past event, and there is a probability of an outflow of economic resources providing economic benefit to the entity due to this obligation and the amount of the obligation can be estimated reliably. Where the time value of money is material, provisions are reflected with the discounted value of possible future costs at the balance sheet date. Provisions are reviewed at each balance sheet date and necessary adjustments are made to reflect the management's best estimates.

Contingent Liabilities and Assets

Contingent liabilities are not recognized in the financial statements, but disclosed in the notes if the situation requiring the transfer of resources is not highly probable. Contingent assets are not recognized in the financial statements, but disclosed in the notes where an inflow of economic benefits is probable.

Leasing Transactions - as Lessee

Finance Leases

The Company recognizes fixed assets acquired through finance lease at the fair value at the beginning of the lease date on the balance sheet or, if lower, the value of the minimum rent payments at the balance sheet date (they are included in the related tangible asset items in the financial statements). In calculating the present value of the minimum lease payments, the discount factor is the interest rate implicit in the lease if this is practicable to determine, if not, borrowing interest rate is used as the discount factor. The expenses incurred during the initial acquisition of the fixed asset subject to finance lease are included in the cost. The liability arising from the leasing transaction is divided into interest payable and principal debt. Interest expenses are calculated over the fixed interest rate and included in the comprehensive income statement accounts of the related period. Leased fixed assets recognized in the financial statements are depreciated according to the corresponding useful lives of the depreciable assets owned by the Company.

Operating Leases

If, in the lease of an asset, all risks and benefits remain with the lessor, such leases are classified as operating leases. Lease payments made under an operating lease are recognized as expense in the statement of comprehensive income on a straight-line basis over the lease term.

Taxes calculated on the Basis of the Company's Earnings

Tax expense or income is the sum of the current and deferred taxes calculated in relation to the gains or losses incurred in the period. In the calculation of current and deferred tax, the tax rates that are valid as at the balance sheet date are used in accordance with the tax legislation in force in the country in which the Company operates. Deferred tax is calculated according to the balance sheet liability method. Deferred tax is the tax effect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their statutory tax bases, and is accounted for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, unused grants and financial losses carried forward, to the extent that it is probable that a future taxable profits will be available where this time time differences can be utilized. The deferred tax asset is reviewed at each balance sheet date and the carrying amount of the deferred tax asset is reduced in cases where it is not possible to generate sufficient taxable profit for future use of the deferred tax asset.

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

Deferred tax is directly associated with equity account group if it relates to transactions that are directly associated with equity at a similar or different period.

The Company recognizes the deferred tax asset for deductible temporary differences only in the following situations and only when both situations are probable:

- Temporary differences will reverse in the foreseeable future; and
- The taxable profit will be available against which the deductible temporary difference can be utilized.

Employee Benefits *Provision for*

Severance Payments

Pursuant to the existing Turkish Labour Law, the Company is obligated to make a certain amount of severance payment to the personnel, who has served at least for one year, that leaves work due to retirement or resignation or that is dismissed from work for reasons other than misconduct.

The Company calculated the provision for severance pay contained in the financial statements using the "Projection Method" based on the Company's experience gained in the past years concerning the completion of the personnel service period and severance pay entitlements and discounted them according to the government bond rates on the date of the balance sheet. All actuarial gains and losses calculated are recognized in the statement of comprehensive income/expense.

Unused Vacation Entitlements

The unused vacation entitlements in the financial statements represent the estimated total sum of possible future liabilities related to the accumulated vacation days of the employees as of the balance sheet date.

Events Occurring After the Balance Sheet Date

Post-balance-sheet events (events requiring adjustments) that provide additional information about the Company's position at the balance sheet date are reflected in the accompanying financial statements. Post-balance-sheet events that do not require adjustment are disclosed in the notes if they are material.

Earnings Per Share

Earnings per share disclosed in the statement of comprehensive income are calculated by dividing the net income for the period by the weighted average number of shares outstanding during the reporting period.

In Turkey, companies can increase their capital through "bonus shares" distributed to their present shareholders from prior years' earnings. Such "bonus share" distributions are treated as issued shares in the calculation of earnings per share. Accordingly, the weighted average number of shares used in these calculations is found by also taking into account the retrospective effects of such share distributions.

Revenue

Sales revenues are recognized on an accrual basis at the fair value of the consideration received or receivable in the cases the goods are delivered or the service is provided, the product-related important risks and benefits are transferred to the buyer, the amount of income can be calculated reliably or if it is very likely that the Company will obtain the economic benefits related to the transaction. Net sales show the invoiced value, excluding sales tax of the sold product or completed service, less rebates and discounts. Interest income obtained within other income is calculated

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using the effective interest rate method and recognised on an accrual basis, and rental income obtained within operating lease is recognised on a periodical accrual basis.

Cash Flow Statement

In the statement of cash flows, cash flows for the period are classified and reported as operating, investing and financing activities. Cash flows from operating activities represent the Company's cash flows from tractor and engine selling activities. Cash flows related to investing activities represent the cash flows which the Company uses in its investment activities (tangible and intangible investments and financial investments). Cash flows from financing activities represent the resources which the Company uses in its financing activities and the repayments of those resources. Cash and cash equivalents include cash, checking accounts and other short-term highly liquid investments with a maturity of 3 months or less at the time of purchase, which are readily convertible to cash and not subject to significant risks in terms of change in value.

The details of cash and cash equivalents in the cash-flow statements as of June 30, 2015 and December 31, 2014 are as follows:

	June 30, 2015	December 31, 2014
Cash	7,034	20,118
Banks	2,452,836	1,209,817
Total	2,459,870	1,229,935

Fixed Assets Held for Sale and Discontinued Operations

Activities to be disposed of are the activities and cash flows, which the Company has disposed of or classified as available-for-sale asset, that can be separated from the entirety of the Company. The activities to be disposed of represent a separate field of activity or geographical area of activity, and are part of a separate plan for sale or disposal, or are a subsidiary purchased for sale. The Company measures the activities to be disposed of at the lower of the carrying amount of the related assets and liabilities and their fair value less costs to sell.

C. Changes in Accounting Policies Lands

As of 31 December 2011, the Company changed its policy in the measurement of lands after the recognition within the frame of IAS 16, and decided to apply the revaluation method, which represents the fair value, instead of applying the cost model. The Company determined the fair value of its lands according to the valuation work made by a valuation company holding a valuation licence issued by CMB and recognized them as of 31 December 2011. This voluntary change in accounting policies requires a retrospective application in financial statements. However, retrospective application was not possible because it was determined that it was not possible to obtain sufficient and healthy information and to make a reliable assessment for determining the fair value of the lands. The following accounting entries were made in the financial statements of December 31, 2011 due to the change in the Company's accounting policy:

Increase in the value of lands: 41,443,301 TL.

Increase in tangible fixed assets valuation fund: 39,371,136 TL.

Increase in deferred tax liability: 2,072,165 TL.

D. Significant Accounting Judgements, Estimates and Assumptions

In the preparation of the financial statements, the Company's management is required to make judgments, estimations and assumptions to determine the liabilities and commitments that may occur as of the balance sheet date and the amounts of income and expenses for the reporting period, which will effect the amounts of reported assets and liabilities. Actual results may differ from estimates. Estimations are regularly reviewed and revised and necessary adjustments are made, and they are reflected in the statement comprehensive income for the period in which they occur. Significant assumptions, which were made taking into consideration the main sources of estimations that were available at the balance sheet date or that may be realized in the future, that may have a significant effect on the amounts reflected in the financial statements are as follows:

Useful Lives of Tangible and Intangible Fixed Assets

The Company's management has made significant assumptions in determining the economic lifetimes of tangible assets (Note 2-C). The Company constantly reviews the physical and economic usability of the machinery and equipment currently in use. The physical and economic lifetimes of the main production lines has been determined based on the assumption that the main production lines are not overly worn due to below-capacity production during and after the privatisation process.

Provision for warranties

Repair and maintenance costs made for the goods manufactured and sold by the Company, labour and material costs of the authorised services provided free of charge to the customers within the warranty period, initial maintenance costs incurred by the Company and results of estimations according to historical data for possible returns and repair levels of products in the coming years whose proceeds have been recognised as income in the current period are recognised as warranty expenses. The Company provides a two-year warranty for the goods which it sells. As the Company expects a significant part of the warranty expenses to be realised within 1 year, the Company reflects the provisions for warranties as short-term expenses.

Provision for Doubtful Trade Receivables

The Company management has made estimates for the determination of doubtful trade receivables in its trade receivables portfolio, taking into account past collection history and the current status of customers.

Provisions for Severance Payments

Provision for severance pay is determined using actuarial calculations based on a number of assumptions, including discount rates, future salary increases and employee turnover rates. Because these plans are long-term, the assumptions involve significant uncertainties.

Deferred Tax

Deferred tax assets are accounted for to the extent that it is very likely that a taxable profit will be available to benefit from tax advantage in the future. Deferred tax assets are calculated on the basis of unused tax deductions and other temporary differences if the tax advantage is probable.

Provision for Inventories

In relation to inventory impairment, inventories are examined physically and in terms of the length of time passed, and their usability is determined according to the technical personnel's opinions and a provision is allocated for the items which are estimated as unusable. In the determination of the net realizable value of inventories, the list prices and data regarding the average discount rates given during the year are used, and estimates related to the sales expenses to be incurred are made.

Note 3 - Business Combinations

Current period: The Company announced the incorporation of a company entitled Tümosan Defence Industries Inc., in the Trade Registry Gazette dated April 6, 2015, whose capital is totally owned by Tümosan Engine and Tractor Industry Inc., founded to operate in the field of defence industry with a seed capital of TL 1,000,000, TL 250,000 of which was paid on March 30, 2015. No goodwill arose during the business combination.

Prior Period:

In 2014, the Company purchased 10,000,000 shares amounting to 100% in the paid-in capital of TL 10,000,000 of Tümosan Foundry Inc., which is owned by the Company's main shareholder, at the rate of TL 20,000,000. Since business combinations under common should be accounted for by the pooling of interest method, i) goodwill should therefore not be included in financial statements, ii) financial statements should be adjusted when applying the pooling of interest method as if the combination was realised at the beginning of the reporting period in which the common control occurred and presented comparatively from the beginning of the reporting period in which the common control occurred, and iii) financial statements should be revised in consolidation procedures in accordance with the provisions of TAS, including financial statements' consolidation accounting, as if financial statements were prepared in accordance with TAS on or after the date on which the company that controls the group acquired the control of companies under common control because it would be appropriate to look from the point of view of the parent company in reflecting business combinations under common control to financial statements, the Group has revised its prior year's financial statements. Thus, any goodwill or negative goodwill has not been calculated as a result of these transactions and the difference arising from offsetting of the participation amount and the amount of its share in the acquired company's capital is recognised directly under equity as "Effect of combinations involving ventures or entities under common control".

This transaction has been accounted for in accordance with the principle decision of POA numbered 2013-2 on "Accounting for Business Combinations under Common Control". Consequently, no goodwill was incurred on the financial statements due to the purchase of Tümosan Foundry Inc. The difference between the total purchase price and the share of the net asset value of Tümosan Foundry Inc. in its financial statements prepared in accordance with TFRS falling to the Company is directly accounted for under equity in the account of "Effect of combinations involving ventures or entities under common control".

The share of the assets and liabilities of Tümosan Foundry in the financial statements prepared in accordance with TFRS falling to the Company and the formation of the account of the effect of combinations involving ventures or entities under common control are as follows for the years in which the acquisition has taken place:

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	<u>2014</u>
Balance sheet	
Total Assets	11,186,669
Total Liabilities	(2,840,179)
Net Assets	8,346,490
The Group's share ratio	100%
The Group's share in net assets	8,346,490
Effect of business combinations involving businesses or entities under common control	12,304,305
Acquisition Price	20,650,795

Note 4 - Reporting by Segments

The Group's management does not report financial information by segments because there are no different types of products and different geographical areas that require reporting by segments.

Note 5 - Cash and Cash Equivalents

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Cash	7,034	20,118
Demand deposits in banks	2,452,836	927,757
Time deposits in banks	-	282,060
Total	2,459,870	1,229,935

There are no time deposits as of June 30, 2015. (As at December 31, 2014, the maturity of the TL-denominated deposit amounting to TL 282,060 is less than 30 days. This time deposit's interest rate is 9.5% per annum.)

Note 6 - Financial Investments

Financial assets whose fair value differences are reflected on profit/loss	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Shares - Cosmos Investment Trust Inc.	-	104,308
Total	-	104,308

Cosmos Investment Trust Inc., whose shares are traded on the Istanbul Stock Exchange, is presented by valuing it on the basis of its market prices quoted at the stock exchange at the end of the business day on 31 December 2014 (the best buying price of the second trading session, if this is not available, the best selling price of the same).

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Note 7 - Financial Payables

The interest and foreign exchange details of financial loans are as follows:

	June 30, 2015		December 31, 2014	
	Effective Interest Rate %	In TL Amount	Effective Interest Rate %	In TL Amount
Short-term Loans				
- US dollar	-	-	0%	(41,868)
- TL	12.00% - 13.50%	22,181,569	12.00% - 12.82%	25,614,857
Short-term Portion of Long-term Loans:				
-				
- US dollar	-	-	-	-
- TL	-	-	-	-
Long-Term Loans				
- US dollar	-	-	-	-
- TL	-	-	-	-
Total Loans		22,181,569		25,656,725

Other Financial Liabilities

	June 30, 2015	December 31, 2014
Payables from factoring transactions (*)	4,185,157	5,098,678
Total	4,185,157	5,098,678

(*) Liabilities from factoring transactions are about postdated cheques and notes transferred revocably to factoring institutions and are shown in the balance sheet assets under postdated cheques and notes receivables, details of which are given in Note 8.

Note 8 - Trade Receivables and Payables

	June 30, 2015	December 31, 2014
<i>Trade Receivables from Related Parties</i>	3,730,918	67,292
<i>Trade Receivables from Third Parties</i>	81,921,354	78,332,124
Trade receivables	38,735,317	13,709,386
Postdated cheques and notes receivable	45,797,530	65,076,468
-Less: Provision for doubtful receivables (1)	(2,611,493)	(453,730)
Total	85,652,272	78,399,416

(1) The reconciliation of the provision for doubtful trade receivables at the beginning and end of the period is as follows:

	January 1-December 31, 2015	January 1-December 31, 2014
Balance as of January 1	(453,730)	(2,016,194)
Provisions allocated during the period	(2,157,763)	(406,372)

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Provisions no longer required	-	1,968,836
Period-end balance	(2,611,493)	(453,730)

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The aging schedule relating to trade receivables for which a provision for doubtful receivables is not allocated as of June 30, 2015 and December 31, 2014 is as follows:

	Total	Amounts not past due and for which provision is not allocated	Provision not allocated despite being overdue			
			Up to 1 month	1 to 3 months	3 to 4 months	4 months and over
June 30, 2015	42,012,504	24,790,607	8,690,415	5,741,078	104,114	2,686,290
December 31, 2014	13,322,948	2,230,626	6,533,456	3,319,822	901,419	337,625

The Group did not allocate any provision for its past-due receivables not yet collected because it does not foresee a problem in their collections due to its long-term relationship with the related customers and the ongoing trade with the customers in question.

	June 30, 2015	December 31, 2014
Trade Payables to Related Parties	972,728	172,683
Trade Payables to Third Parties	40,384,576	39,881,474
Trade payables	36,226,172	32,865,970
Postdated cheques and notes payable	4,158,404	7,015,504
Total	41,357,304	40,054,157

Not 9 - Other Receivables and Payables

	June 30, 2015	December 31, 2014
Other Receivables From Related Parties	9,967,073	10,477,580
Ereğli Textile Tourism Industry Trade Inc. (Note 25)	7,137,797	6,779,238
Albayrak Tourism Travel Construction Trade Inc. (Note 25)	2,599,666	3,474,463
Kademe Waste Technologies Industry Inc. (Note 25)	229,610	223,879
Other Receivables From Third Parties	122,890	-
Other Receivables	122,890	-
Other Receivables (Short Term)	10,089,963	10,477,580

	June 30, 2015	December 31, 2014
Other Payables to Related Parties	6,164	-
Muzaffer Albayrak	6,164	-
Other Payables to Third Parties	3,931	3,000
Guarantees received	3,931	3,000
Other Payables (Short Term)	10,095	3,000

Note 10 - Inventories

	June 30, 2015	December 31, 2014
Materials and spare parts	72,793,798	58,770,748
Work in process inventories	6,077,686	6,085,685
Finished goods inventories	16,834,509	11,293,878
Trade goods	1,921,680	4,141,295
Goods in transit	7,350,634	10,225,027
Other Inventories	152,320	-
Provision for inventories (-)	(2,190,426)	(1,882,053)
Total	102,940,201	88,634,580

As of June 30, 2015 and December 31, 2014, there are no pledges or mortgages on the inventories.

The reconciliation of the provision for inventories at the beginning and end of period is as follows:

Balance at the beginning of the period	January 1-December 31, 2015	January 1-December 31, 2014
	(1,882,053)	(826,681)
Expense for the current period	(308,373)	(1,484,233)
Realised in the current period	-	428,861
Period-end balance	(2,190,426)	(1,882,053)

Note 11 - Investment Property

	June 30, 2015	December 31, 2014
Cost		
Balance on January 1	2,373,804	2,373,804
Period-end balance	2,373,804	2,373,804
Depreciation		
Balance on January 1	(280,023)	(198,508)
Depreciation expense for the period	(39,304)	(81,515)
Period-end balance	(319,327)	(280,023)
Net book value at the end of the period	2,054,477	2,093,781

- a. As of 1 January 2012, the investment properties consist of Engine Mechanical Work Plant, which is on factory area of Tümosan Engine and Tractor Inc. located in Konya province, leased to Kademe Waste Technologies Inc., and apartments, which are in EGS Blocks located in Bakirköy district of Istanbul, leased as office to Albayrak Tourism Travel Construction Trade Inc. From these investment properties, apartments leased as office are leased to the related parties controlled by the parent company through operating lease. From these assets, the Company transferred the apartments leased as office to Tümosan Foundry Inc., which was newly established through partial division on 4 July 2012 pursuant to the decision taken by the Board of Management on 15 March 2012.
- b. As of June 30, 2015, from assets classified as investment property, the net book value of Engine Mechanical Work Plant is TL 345,745. The Company has obtained a rental income of TL 60,000 from these investment properties. The Company

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determined the fair value of this investment property as TL 2,331,000 according to the valuation study made in May 2012 by TSKB Real Estate Appraisal Inc.

As of June 30, 2015, from assets classified as investment property, the net book value of the apartments leased as office is TL 1,708,731. The Group has obtained a rental income of USD 93,900 from these investment properties in the current period. The Group has determined the fair value of these investment properties as TL 8,110,000 according to the valuation study dated April 25, 2014.

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Note 12 - Tangible Fixed Assets

	Lands	Overland plants	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Special costs	Total
Cost								
January 1, 2015	44,113,075	2,520	11,508,332	65,259,203	3,770,520	7,335,632	768,901	132,758,183
Inflows	200,000	-	1,400,000	1,648,792	879,917	938,060	141,600	5,208,369
Outflows	-	-	-	-	(102,269)	(13,632)	-	(115,901)
June 30, 2015	44,313,075	2,520	12,908,332	66,907,995	4,548,168	8,260,060	910,501	137,850,651
Accumulated Depreciation								
January 1, 2015	-	(934)	(1,400,495)	(32,464,746)	(1,875,877)	(3,236,692)	(554,342)	(39,533,086)
Depreciation for the current period	-	(106)	(124,417)	(3,792,113)	(402,794)	(678,803)	(39,361)	(5,037,594)
Depreciation of Outflows	-	-	-	-	85,316	13,174	-	98,490
June 30, 2015	-	(1,040)	(1,524,912)	(36,256,859)	(2,193,355)	(3,902,321)	(593,703)	(44,472,190)
Net book value on January 1, 2015	44,113,075	1,586	10,107,837	32,794,456	1,894,643	4,098,940	214,559	93,225,096
Net book value on June 30, 2015	44,313,075	1,480	11,383,420	30,651,136	2,354,813	4,357,739	316,798	93,378,461

	Lands	Overland plants	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Special costs	Total
Cost								
January 1, 2014	44,113,075	2,520	11,508,332	58,161,131	2,884,760	6,411,984	702,706	123,784,508
Inflows	-	-	-	7,098,072	885,760	923,648	66,195	8,973,675
December 31, 2014	44,113,075	2,520	11,508,332	65,259,203	3,770,520	7,335,632	768,901	132,758,183
Accumulated Depreciation								
January 1, 2014	-	(690)	(1,170,328)	(25,945,781)	(1,254,303)	(2,104,703)	(457,062)	(30,932,867)
Depreciation for the current period	-	(244)	(230,167)	(6,518,965)	(621,574)	(1,131,989)	(97,280)	(8,600,219)
December 31, 2014	-	(934)	(1,400,495)	(32,464,746)	(1,875,877)	(3,236,692)	(554,342)	(39,533,086)
Net book value on January 1, 2014	44,113,075	1,830	10,338,004	32,215,350	1,630,456	4,307,282	245,647	92,851,644
Net book value on December 31, 2014	44,113,075	1,586	10,107,837	32,794,457	1,894,643	4,098,940	214,559	93,225,096

The Company does not have any capitalised financing cost on tangible fixed assets. There are no mortgages, guarantees and pledges on the Company's tangible fixed assets.

Note 13 - Intangible Fixed Assets

	June 30, 2015	December 31, 2014
Net book value on January 1	12,660,443	8,236,529
Purchases	6,056,400	6,761,524
Outflows	(961,741)	-
Amortisation charges	(1,917,701)	(2,337,610)
Net book value at the end of the period	15,837,401	12,660,443
Period-end Cost		
	21,792,979	16,808,134
Accumulated amortisation charges	(5,955,578)	(4,147,691)
Net book value	15,837,401	12,660,443

Intangible fixed asset inflows as of June 30, 2015 consist of: applications submitted to TUBITAK-TEYDEB for "Diesel engine design complying phase 4 emission standards of in-line 6-cylinder turbo intercooler (TL 873,897)", numbered 3120432 and dated February 25, 2013, "Design and development of a hydraulic drive 4-wheel self-propelled dry type cotton picker (TL 1,796,343)", numbered 3130510 and dated July 1, 2013, "Development of an electronic control unit for Tümosan engines: Development of engine model and control algorithm project (TL 2,184,742)", numbered 3140513 and dated September 1, 2014; the project cost of TL 592,298 made for "Altay tank power development project"; and other intangible fixed asset purchases amounting to TL 609,120.

There are no pledges or mortgages on the intangible fixed assets of the Group.

Note 14 - Provisions, Contingent Assets and Liabilities**Debt Provisions**

	June 30, 2015	December 31, 2014
Provision for warranties	5,806,068	5,845,270
Provision for lawsuits	566,348	-
Total	6,372,416	5,845,270

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Note 15 - Commitments

The Company's position for the guarantees, pledges and mortgages (GPM) as of June 30, 2015 and December 31, 2014 is as follows. GPMs given by the Company:

GPMs Given by the Company (in TL):	June 30, 2015	December 31, 2014
A. The Total Amount of GPMs Given on Behalf of its Own Legal Entity	3,431,268	2,522,907
B. The Total Amount of GPMs Given on Behalf of Companies Included in Full Consolidation	-	-
C. The Total Amount of GPMs Given on Behalf of Other 3rd parties for the Continuation of its Ordinary Business Operations (*)	511,118,130	466,556,178
D. The Total Amount of Other GPMs Given	-	-
i. The Total Amount of GPMs Given on Behalf of the Main Shareholder	-	-
ii. The Total Amount of GPMs Given on Behalf the Other Related Companies that Do Not Fall under Articles B and C	-	-
iii. The Total Amount of GPMs Given on Behalf of 3rd Parties that Do Not Fall under Article C Amount	-	-
Total	514,549,398	469,079,085

Details of GPMs in foreign currency are as follows (TL equivalents);

	June 30, 2015	December 31, 2014
Turkish lira	513,954,931	468,660,224
US dollar	594,467	418,861
Total	514,549,398	469,079,085

(*) The Company and the Turkish Ziraat Bank (hereinafter the "Bank") signed an agreement on December 2010. According to this agreement, in the event the customer that has purchased the tractor which the Company sells through Tümosan's tractor vendors (Vendor) using credit via the Bank fails to repay the credit, the Bank has the right to request from the Company the difference between the income obtained from the forced sale of the tractor and the 75% of the insurable value determined by the Association of the Insurance and Reinsurance Companies of Turkey for the related tractor. However, the Company reflects the difference that the Bank will request from it to the relevant Vendor that has sold the tractor. Therefore, the liability is ultimately transferred to the Vendor although the guarantee mentioned above is a guarantee given to the Bank by the Company.

Note 16 - Provisions for Employee Benefits

Short-term Employee Benefits

	June 30, 2015	December 31, 2014
Provision for unused vacations	581,848	579,343

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Total	581,848	579,343
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Long-Term Employee Benefits

	June 30, 2015	December 31, 2014
Provision for severance payments	3,081,273	2,808,016
Total	3,081,273	2,808,016

Pursuant to the existing Turkish Labour Law, the Company is obligated to make a certain amount of severance payment to the personnel, who has served at least for one year, that leaves work due to retirement or resignation or that is dismissed from work for reasons other than misconduct or that is obliged to leave work because of compulsory military service. The amount payable consists of one month's salary for each year of service and is limited to TL 3,541 as of June 30, 2015 and TL 3,438 as of December 31, 2014. Based on the information gained from past experience, the Company has discounted the benefits gained by employees entitled to severance payments by using the government bond rates valid at the balance sheet date and reflected the discounted net values to the financial statements. Provision for severance payments is allocated by calculating the present value of the possible liability to be paid in case of the employees' retirement.

Accordingly, the actuarial assumptions used to calculate the liability as of June 30, 2015 and December 31, 2014 are as follows:

	June 30, 2015	December 31, 2014
Discount rate	11.00%	8.00%
Estimated wage increase rate	9.00%	6.50%
Net discount rate	1.83%	1.50%

Movement table of provision for severance payment	June 30, 2015	December 31, 2014
Balance on January 1	2,808,016	2,039,725
Service cost	606,875	621,971
Interest expense	308,882	175,416
- Actuarial gain/loss	(687,440)	425,352
Payments and provisions no longer required	(116,579)	(454,448)
Provisions allocated during the period	161,519	-
Period-end Balance	3,081,273	2,808,016

Note 17 - Liabilities for Employee Benefits

	June 30, 2015	December 31, 2014
Taxes and liabilities payable	517,272	1,169,373
Payables to employees	1,047,118	163,324
Short-Term Provisions for Employee Benefits	1,564,390	1,332,697

Note 18 - Other Assets and Liabilities

	June 30, 2015	December 31, 2014
Deferred VAT	13,987,309	22,418,421
Deposits and guarantees given	68,016	64,625
Other	4,689	117,338
Other Current Assets	14,060,014	22,600,384
Advances given	7,343,272	7,664,542
Expenses and income accruals for future months	372,149	-
Work advances	86,114	-
Prepaid Expenses (short-term)	7,801,535	7,664,542
Prepaid tax receivables	4,146,681	-
Assets Related to Current Tax	4,146,681	-
	June 30, 2015	December 31, 2014
Other fixed assets	-	21,438
Other Fixed Assets	-	21,438
Advances given	87,234	-
Expenses for future years	5,706	-
Prepaid Expenses (long-term)	92,940	-
	June 30, 2015	December 31, 2014
Taxes and funds payable	2,886,575	1,423,828
Other	32,137	31,182
Other Short-term Liabilities	2,918,712	1,455,010
	June 30, 2015	December 31, 2014
Advances received	5,102,870	5,419,148
Deferred Income (short-term)	5,102,870	5,419,148

Note 19 - Equity**A. Capital**

As at 30 June 2015 and 31 December 2014, the Group's shareholders and their shares in the capital are as follows:

Name/Title	June 30, 2015		December 31, 2014	
	Share Rate %	Share Amount (TL)	Share Rate %	Share Amount (TL)
Ereğli Textile Tourism Industry and Trade Inc.	67.20	77,285,493	67.20	77,285,493
Other	10.44	12,000,000	11.74	13,500,000
Free-float portion	22.36	25,714,507	21.06	24,214,507
Capital	100.00	115,000,000	100.00	115,000,000
Paid-in Capital		115,000,000		115,000,000

As of June 30, 2015, the Group's capital is fully paid up and consists of 115,000,000 shares with nominal value of TL 115,000,000 and TL 1 per share (December 31, 2014 - Capital: TL 115,000,000 and 115,000,000 shares with TL 1 per share). In accordance with the Communiqué (Serial: XI, No: 29), which entered into force on January 1, 2008, and CMB announcements explaining this Communiqué, "Paid-in Capital", "Reserves on Retained Earnings" and "Share Premiums" are required to be presented at the amounts in statutory records.

The differences in valuations during the implementation of the said Communiqué:

- should be related with the "Capital Adjustment Difference" to be coming after the "Paid-in Capital" item if the differences arise from the "Paid-in Capital" and are not yet added to the capital;
 - should be related with the "Accumulated Profits/Losses" if the differences arise from "Reserves on Retained Earnings" and "Share Premiums" and are not yet subject to profit distribution or capital increase.
- Other equity items are presented with their amounts valued within the framework of CMB's Financial Reporting Standards.

Premiums on shares:

In the public offering held on December 5, 2012, the Group increased its capital by TL 10,000,000 by restricting its shareholders' subscription rights

and reflected the share premium of TL 26,241,624, which was obtained after deducting the public offering expenses of TL 3,758,376 occurred during this transaction, in the equity on its financial statements. Furthermore, the Company decided at its General Meeting held on May 13, 2013 to offset prior year's losses with share premiums.

Dividend Distribution

Publicly-listed companies distribute dividends according to the CMB's Communiqué on Dividends (II-19.1), effective from February 1, 2014. Companies distribute their profits by decisions of the general meeting of shareholders within the frame of their dividend distribution policies to be determined by the general meeting of shareholders and in accordance with the provisions of the applicable laws and regulations. A minimum distribution rate has not been determined within the scope of the said Communiqué. Companies pay dividends in the manner specified in their articles of association or dividend

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distribution policies. Furthermore, companies may pay dividends in installments of equal or different amounts and distribute dividend advances in cash over their profits shown in their interim financial statements.

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Unless and until both the reserve required to be set aside as per TCC (Turkish Commercial Code), and the dividend determined for payment to shareholders in the articles of association or in the dividend distribution policy are reserved, it cannot be decided to set aside other reserve, or to carry dividend forward to next year, or to distribute dividend to beneficial interest certificate, board members, company's employees and other non-shareholders, nor can profit shares be distributed to the said persons unless and until the dividend determined for shareholders are fully paid in cash.

Unless and until both the reserve required to be set aside according to the law, and the dividend determined for payment to shareholders in the articles of association are reserved, it cannot be decided to set aside other reserve, or to carry dividend forward to next year, or to distribute dividend to beneficial interest certificate, board members and company's employees, nor can profit shares be distributed to the said persons unless and until the dividend determined for shareholders are fully paid in cash. In publicly-listed companies, dividends shall be distributed equally to all of the shares existing as of the date of distribution, regardless of their dates of issuance and acquisition.

According to the legislation in force, dividends can be distributed, depending on the decision of the general meeting of shareholders, in cash, or as bonus share distribution to shareholders by adding the capital, or both in cash and bonus share form with certain rates, or the amount of dividends can be kept in the company without distributing them as per the principles set out in the Communiqué Serial: IV, No: 27, in which CMB regulates the principles regarding distribution of dividends to be followed by the publicly-listed companies, the provisions of articles of association, the company's dividend distribution policies disclosed to public.

B. Reserves on Retained Earnings

Pursuant to the Turkish Commercial Code, the first order legal reserves are required to be set aside as 5% of the statutory net profit until reaching up to 20% of the company's paid-in capital. Pursuant to the Turkish Commercial Code, legal reserves can only be used for transactions aimed at offsetting losses or ensuring the entity's ability to continue as a going concern, unless they exceed 50% of the paid-in capital. Furthermore, in order to benefit from real estate and participating interests sales gains exemption, 75% of such gains must be held in a passive fund account (special reserves) and not withdrawn for 5 years. The details of the reserves on retained earnings mentioned above are as follows:

	June 30, 2015	December 31, 2014
Legal reserves on retained earnings	13,843,979	10,504,898
Total	13,843,979	10,504,898

C. Capital Reserves

	June 30, 2015	December 31, 2014
R&D grants	511,923	-
Total	511,923	-

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D. Accumulated Profits/(Losses)

Equity items in the financial statements of the Group are as follows:

	June 30, 2015	December 31, 2014
Accumulated profits	28,324,897	-
Business combinations under common control	-	(12,304,305)
Net income for the period	21,745,062	40,629,202
Transfer of profit reserves	(3,339,081)	-
Period-end balance	46,730,878	28,324,897

Note 20 - Sales and Cost of Sales

a. Statement of Sales and Cost of Sales

	January 1 - June 30, 2015	01.04- June 30, 2015	January 1 - 30.06.2014	01.04- 30.06.2014
Domestic sales	210,933,419	117,204,328	211,003,789	134,518,327
Foreign sales	5,710,291	3,064,162	9,411,395	2,401,331
Other sales	105,385	30,316	-	-
Sales returns and allowances	(1,004,090)	(982,061)	(296,944)	(274,661)
Total revenue, net	215,745,005	119,316,745	220,118,240	136,644,997
Total cost of sales (-)	(170,764,604)	(95,085,785)	(185,399,920)	(108,522,293)
Gross profit	44,980,401	24,230,960	34,718,320	28,122,704

b. Distribution of Sales by Product Groups (net)

	January 1- June 30, 2015	April 1- June 30, 2015	January 1- 30.06.2014	April 1- 30.06.2014
Tractor sales	204,091,407	111,830,687	212,738,236	131,500,668
Spare part sales	5,836,924	4,094,470	5,950,369	4,264,411
Engine sales	2,776,286	351,200	1,429,635	879,918
Other sales	3,040,388	3,040,388	-	-
Total sales	215,745,005	119,316,745	220,118,240	136,644,997

Note 21 - Operating Expenses

	January 1 - June 30, 2015	01.04- June 30, 2015	January 1 - 30.06.2014	01.04- 30.06.2014
Research and development expenses	(1,910,913)	(1,053,529)	(853,950)	(446,588)
Marketing, sales and distribution expenses	(17,764,819)	(9,640,899)	(9,654,651)	(6,731,387)
General administrative expenses	(6,292,364)	(3,430,979)	(3,800,037)	(1,394,022)
Total	(25,968,096)	(14,125,407)	(14,308,638)	(8,571,997)

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Note 22 - Expenses by Nature

	January 1- June 30, 2015	April 1- June 30, 2015	January 1- 30.06.2014	April 1- 30.06.2014
Provision for warranty expenses	(4,393,657)	(2,704,031)	(1,985,189)	(1,567,622)
Sales transportation expenses	(1,313,572)	(753,782)	(2,269,879)	(1,929,071)
Personnel expenses	(1,494,907)	(817,255)	(1,445,118)	(809,512)
Promotion expenses	(811,890)	(308,856)	(423,946)	(423,946)
Advertising and announcement expenses	(775,761)	(194,896)	(2,225,974)	(1,174,033)
Fair and exhibition expenses	(538,896)	(194,707)	-	-
Accommodation expenses	(275,793)	(148,848)	(194,950)	(143,904)
Fuel expenses	(102,062)	(57,968)	(124,515)	(68,281)
Premium and commission expenses	(7,794,931)	(4,311,595)	-	-
Representation and entertainment expenses	(67,670)	(51,864)	-	-
Mobile service meal and accommodation expenses	(36,478)	(15,939)	-	-
Other	(159,202)	(81,158)	(985,080)	(615,018)
Marketing, sales and distribution expenses	(17,764,819)	(9,640,899)	(9,654,651)	(6,731,387)

	January 1- June 30, 2015	April 1- June 30, 2015	January 1- 30.06.2014	April 1- 30.06.2014
Personnel expenses	(1,570,895)	(929,423)	(1,368,032)	(384,948)
Financial and legal consulting expenses	(771,162)	(645,990)	(618,401)	(160,884)
Depreciation and amortization expenses	(2,449,001)	(1,089,888)	(776,056)	(402,478)
Data processing materials expenses	(309,150)	(127,572)	(122,437)	(66,177)
Real estate rental expenses (rental expenses)	(187,714)	(108,412)	(212,650)	(77,284)
Litigation, enforcement and proceeding expenses	(29,553)	(7,850)	(85,720)	(45,216)
Travel and accommodation expenses	(186,116)	(117,581)	-	-
Subscription expenses	(131,666)	(88,145)	-	-
Stationery expenses	(40,143)	(32,265)	-	-
Fuel expenses	(45,373)	(30,019)	-	-
Telephone expenses	(47,557)	(23,395)	-	-
Electricity expenses	(25,271)	(12,627)	(46,082)	(27,149)
Internet expenses	(8,513)	(8,073)	-	-
Vehicle rental expenses	(14,307)	(7,561)	-	-
Other	(475,943)	(202,178)	(570,659)	(229,886)
General administrative expenses	(6,292,364)	(3,430,979)	(3,800,037)	(1,394,022)

Note 23 - Tax Assets and Liabilities

	January 1- June 30, 2015	April 1- June 30, 2015	January 1- 30.06.2014	April 1- 30.06.2014
Corporate income tax for the current period	(2,742,601)	(375,104)	(4,038,341)	(2,103,835)
Deferred tax (income)/expense	708,542	323,118	663,844	(721,105)
Total	(2,034,059)	(51,986)	(3,374,497)	(2,824,940)

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In Turkey, the corporate income tax rate is 20%. Corporate income tax rate is applied to the net corporation profit calculated by adding non-deductible expenses to the corporation's commercial earnings and deducting exemptions and discounts in tax laws.

Transfer pricing is regulated by Article 13 entitled "Disguised Profit Distribution Through Transfer Pricing" of the Corporate Income Tax Law, and detailed explanations on the subject are given in "General Communiqué on Disguised Profit Distribution Through Transfer Pricing".

Pursuant to the said arrangements, if goods or services are purchased or sold with related parties at prices that do not comply with the arm's length principle, the related profit is considered to have been distributed in a disguised manner through transfer pricing, and such profit distributions are not accepted as tax deductible for corporate income tax purposes.

According to the Corporate Income Tax Law, financial losses shown on the statement may be deducted from the corporate tax base for a period not exceeding 5 years. Statements and related accounting records can be reviewed by the tax office within five years, including transfer pricing from transactions with related parties, and tax calculations can be revised.

The Company calculates deferred tax assets and liabilities taking into account the effects of temporary differences arising as a result of different assessments of the balance sheet items between the financial statements prepared in accordance with the CMB Financial Reporting Standards and the statutory financial statements. Such temporary differences usually result from the recognition of income and expenses in different reporting periods according to CMB Financial Reporting Standards and Tax Laws.

As of June 30, 2015 and December 31, 2014, the breakdown of the deferred tax liability calculated over temporary differences subject to deferred tax by using the prevailing tax rates is summarised below:

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	Taxable temporary differences		Deferred tax assets/(liabilities)		Income statement and other comprehensive income	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Tangible and intangible fixed assets	12,783,250	12,676,609	(2,556,650)	(2,535,322)	(21,328)	44,451
Provision for severance payments	(3,081,273)	(2,640,128)	616,255	528,026	88,229	120,081
Provision for vacation	(581,848)	579,343	116,370	115,869	501	12,196
Provision for inventories	(2,190,426)	(1,882,053)	438,085	376,411	61,675	211,075
Effect of inventory valuation adjustments	(5,065,827)	(4,917,287)	1,013,165	983,457	29,708	423,965
Provision for doubtful receivables	(2,611,493)	(453,730)	522,299	90,746	431,553	(178,168)
Effect of rediscount adjustments	(1,338,116)	(1,421,472)	267,623	284,294	(16,671)	114,099
Provision for warranty expenses	(5,806,067)	(5,849,823)	1,161,213	1,169,965	(8,752)	456
Tangible fixed assets valuation fund	41,443,305	41,443,305	(2,072,165)	(2,072,165)	-	-
Provision for lawsuits	(566,348)	-	113,270	-	113,270	-
Other	-	(535,655)	-	107,131	(107,131)	(54,164)
Deferred tax liabilities, net	32,985,157	35,840,423	(380,535)	(951,589)	571,054	693,991

Note 24 - Earnings per Share

Earnings per share is calculated by dividing the net income for the current period by the weighted average number of shares in issue during the period. In Turkey, companies are entitled to increase their capital through the distribution of bonus shares to be covered from the revaluation surplus fund or accumulated profits. In calculation of earnings per share, such increases are accepted as bonus issue. Dividend distributions added to capital are also considered in the same way. Therefore, when calculating the average number of shares, it is considered that such shares are in issue during the year. Thus, the weighted average number of the shares used to calculate the earnings per share has been determined taking into account retrospective effects.

	January 1- June 30, 2015	April 1- June 30, 2015	January 1- 30.06.2014	April 1- 30.06.2014
The weighted average number of shares outstanding during the period (1 TL each)	115,000,000	115,000,000	115,000,000	115,000,000
Net income for the period	19,065,300	10,282,317	14,528,525	13,914,497
Earning per share (TL)	0.1658	0.0894	0.1263	0.1210

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Not 25 - Related Party Disclosures

The Group conducts various transactions with related parties during its operations. The details of outstanding balances with related parties are as follows:

a. Receivables/Payables from Related Parties:

							June 30, 2015
			Receivables		Payables		
			Short Term		Short Term		
			Long Term		Short Term		
			non-trade		non-trade		
Balances with related parties	Trade	non-trade	Trade	non-trade	Trade	non-trade	
Shareholders							
Ereğli Textile Tourism Industry Trade Inc. (1)	-	7,137,797	-	-	421,313	-	
Muzaffer Albayrak (1)	-	-	-	-	-	6,164	
Other companies managed by the main shareholder							
Albil Central Services and Trade Inc. (2)	-	-	-	-	493,578	-	
Albayrak Tourism Travel Construction Trade Inc. (2)	1,004,279	2,599,666	-	-	-	-	
Nakil Logistics Inc. (2)	2,663,772	-	-	-	-	-	
Kademe Waste Technologies Industry Inc. (2)	-	229,610	-	-	-	242,033	
Birlikte Distribution Inc. (2)	-	-	-	-	3,108	-	
Yeşil Adamlar Waste Management and Transport Inc. (2)	10,963	-	-	-	-	295	
Platform Tourism Trade Inc. (2)	-	-	-	-	34,341	-	
Birun Hotel Management (2)	51,904	-	-	-	-	-	
Reklam Piri Media Communication Inc. (2)	-	-	-	-	20,388	-	
	3,730,918	9,967,073	-	-	972,728	248,492	

(1) Shareholder

(2) Companies controlled by the ultimate partner (Albayrak Group)

							December 31,
							2014
			Receivables		Payables		
			Short Term		Short Term		
			Long Term		Short Term		
			non-trade		non-trade		
Balances with related parties	Trade	non-trade	Trade	non-trade	Trade	non-trade	
Shareholders							
Ereğli Textile Tourism Industry Trade Inc. (1)	-	6,779,238	-	-	-	-	
Other companies managed by the main shareholder							
Albil Central Services and Trade Inc. (2)	-	-	-	-	71,865	-	
Albayrak Tourism Travel Construction Trade Inc. (2)	-	3,474,463	-	-	75,727	-	
Kademe Waste Technologies Industry Inc. (2)	67,292	223,879	-	-	-	-	
Platform Tourism Trade Inc. (2)	-	-	-	-	8,816	-	
Birlikte Distribution Inc. (2)	-	-	-	-	1,525	-	
Reklam Piri Media Communication Inc. (2)	-	-	-	-	14,750	-	
	67,292	10,477,580	-	-	172,683	-	

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- (1) Shareholder
- (2) Companies controlled by the ultimate partner (Albayrak Group)

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As of June 30, 2015 and December 31, 2014, there is no guarantee obtained from and/or given to related parties.

**b. Transactions Made with Related Parties During
the Year: Service and Other Purchases**

	January 1- December 31, 2015	01.01-30.06.2014
Ereğli Textile Tourism Industry and Trade Inc.	-	1,551
Albil Central Services and Trade Inc. (a)	1,102,160	755,525
Ağa Mining Industry Trade Ltd.	-	97,364
Kademe Waste Technologies Industry Inc.	286,911	85,334
Yeşil Adamlar Waste Management and Transport Inc.	-	15,567
Reklam Piri Media Communication Inc.	5,000	10,700
Birlikte Distribution Inc.	1,080	1,323
Platform Tourism Transport Food Construction Cleaning Services Industry and Trade Inc.	22,200	-
Dolu Fuel Marketing Inc.	-	387
Total	1,417,351	967,751

(1) Albayrak Group controls the company.

(a) The Company receives data processing service from this company.

Sales and Other Income

	January 01 - June 30, 2015			January 01 - June 30, 2014		
	Interest	Rent	Other	Interest	Rent	Other
Albayrak Tourism Travel Construction Trade Inc.	67,374	240,372	-	2,781	-	-
Albayrak Foundation	-	-	-	-	2,400	-
Albayrak Company Somali Mogadishuport Operation	-	-	214,404	-	-	-
Nakil Logistics Inc.	-	960	(*) 7,464,641	-	-	-
Ereğli Textile Tourism Industry and Trade Inc.	504,864	2,542	66,738	282,035	31,896	17,603
Yeşil Adamlar Waste Management and Transport Inc.	-	-	9,505	-	-	38,559
Birun Hotel Management	-	-	49,167	-	-	-
Kademe Waste Technologies Industry Inc.	2,281	62,542	184,849	-	75,255	37,670
	574,519	306,416	7,989,304	284,816	109,551	93,832

(*) Tractor sales

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Dividends Paid to Related Parties

	January 1-December 31, 2015	01.01-30.06.2014
Ereğli Textile Tourism Industry and Trade Inc.	-	11,592,824
Muzaffer Albayrak	-	300,000
Ahmet Albayrak	-	300,000
Bayram Albayrak	-	300,000
Nuri Albayrak	-	300,000
Kazım Albayrak	-	300,000
Mustafa Albayrak	-	300,000
Hedef Venture Capital Investment Trust Inc.	-	225,000
CSD	-	3,632,176
Total	-	17,250,000

Benefits Provided to the Top Management

As of June 30, 2015, the total amount of benefits and advantages provided to the top management is TL 489,859 (June 30, 2014 - TL 458,176).

Note 26 - Financial Risk Management and Policies

The Group's major financial instruments consist of bank loans, finance lease liabilities, factoring liabilities, cash and short-term deposits. The main purpose of the financial instruments is to finance the activities of the Group. The Group also has financial instruments such as trade receivables and payables which arise as a result of its activities. The main risks which the Group's financial instruments generate are interest rate risk, foreign currency risk, credit risk and liquidity risk. The management's policies regarding the management of these risks are summarized below. The Group also takes into account the market-value risk of all its financial instruments.

Capital Management

The Group aims to increase its profitability in capital management by trying to maintain the continuity of its activities on the one hand and using the debt and equity balance in the most efficient way on the other hand. The Group's capital structure consists of payables, cash and cash equivalents and equity items, which comprise issued capital, capital reserves and profit reserves, as disclosed in Note 19. The Group's top management assesses the capital cost of the Group and the risk inherent in each capital class. Based on the assessments of the top management and of the Board of Management, the Group intends to keep the capital structure stable by acquiring new debt or repaying existing debt. The Group monitors the capital using the debt/equity ratio. This ratio is calculated by dividing net debt by total equity. Net debt is calculated by deducting cash and cash equivalents from total debt (which comprises financial payables, trade and other payables and other short- and long-term liabilities as shown in the balance sheet).

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	June 30, 2015	December 31, 2014
Total debt	90,478,770	89,203,633
Less: Cash and cash equivalents	(2,459,870)	(1,229,935)
Net Debt	88,018,900	87,973,698
Total equity	248,035,045	227,907,870
Debt - Equity Balance	160,016,145	139,934,172
Net Financial Liability/Equity Ratio	35%	39%

Interest Rate Risk

As of June 30, 2015 and December 31, 2014, the Group does not carry any interest rate risk since it has no variable interest rate loans.

Foreign Currency Risk

The Group is exposed principally to currency risk in respect of the euro and US dollar and this currency risk arises in general from trade receivables, trade payables and financial payables in the euro and US dollar. In order to minimise this risk, the Group monitors its financial position, cash inflows/outflows with detailed cash-flow statements.

As of June 30, 2015 and December 31, 2014, the Group's net foreign-exchange position is as follows:

	June 30, 2015	December 31, 2014
A. Assets in foreign currency	6,420,939	2,308,843
B. Liabilities in foreign currency	(9,394,283)	(7,444,259)
Net foreign-exchange position (A + B)	(2,973,344)	(5,135,416)

As of June 30, 2015 and December 31, 2014, the details of the Group's foreign-currency position are as follows:

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(Amounts are expressed in Turkish lira ("TL") unless stated otherwise)

STATEMENT OF FOREIGN- EXCHANGE POSITION									
	June 30, 2015								
	US dollar	TL Equivalent	Euro	TL Equivalent	GBP	TL Equivalent	CHF	TL Equivalent	Total TL equivalent
- Cash and cash equivalents	11	30	700	2,089	-	-	-	-	2,119
- Trade receivables	162,291	435,961	1,113,776	3,321,503	-	-	-	-	3,757,465
- Other current assets	378,523	1,016,827	465,297	1,387,608	50,819	213,967	15,000	42,954	2,661,355
Current Assets	540,825	1,452,818	1,579,773	4,711,200	50,819	213,967	15,000	42,954	6,420,939
Total Assets	540,825	1,452,818	1,579,773	4,711,200	50,819	213,967	15,000	42,954	6,420,939
- Trade payables	(429,170)	(1,152,878)	(2,763,532)	(8,241,405)	-	-	-	-	(9,394,283)
- Short-term financial payables	-	-	-	-	-	-	-	-	-
Short-term Liabilities	(429,170)	(1,152,878)	(2,763,532)	(8,241,405)	-	-	-	-	(9,394,283)
Total Liabilities	(429,170)	(1,152,878)	(2,763,532)	(8,241,405)	-	-	-	-	(9,394,283)
Net Foreign-Currency Position	111,655	299,940	(1,183,759)	(3,530,205)	50,819	213,967	15,000	42,954	(2,973,344)

STATEMENT OF FOREIGN- EXCHANGE POSITION									
	December 31, 2014								
	US dollar	TL Equivalent	Euro	TL Equivalent	GBP	TL Equivalent	CHF	TL Equivalent	Total TL equivalent
- Cash and cash equivalents	48	111	2,896	8,168	-	-	-	-	8,279
- Trade receivables	260,844	604,872	587,718	1,657,775	-	-	-	-	2,262,647
- Other current assets	-	-	1,000	2,821	-	-	15,000	35,096	37,916
Current Assets	260,892	604,983	591,614	1,668,764	-	-	15,000	35,096	2,308,843
Total Assets	260,892	604,983	591,614	1,668,764	-	-	15,000	35,096	2,308,843
- Trade payables	(33,048)	(76,636)	(2,597,141)	(7,325,755)	-	-	-	-	(7,402,391)
- Short-term financial payables	(18,055)	(41,868)	-	-	-	-	-	-	(41,868)
Short-term Liabilities	(51,103)	(118,504)	(2,597,141)	(7,325,755)	-	-	-	-	(7,444,259)
Total Liabilities	(51,103)	(118,504)	(2,597,141)	(7,325,755)	-	-	-	-	(7,444,259)
Net Foreign-Currency Position	209,789	486,479	(2,005,527)	(5,656,991)	-	-	15,000	35,096	(5,135,416)

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In the profit/loss segment of the foreign currency sensitivity statement, it is presented how the statement of comprehensive income will be affected if the TL gains/loses 10% against the following foreign currencies as of June 30, 2015 and December 31, 2014. When analyzing, it is assumed that all other variables, especially the interest rates, remain constant.

The Group's exchange rate sensitivity analysis statement as of June 30, 2015 and December 31, 2014 is as follows:

	June 30, 2015	
	Profit/(loss)	
	Appreciation of the foreign currency	Depreciation of the foreign currency
<i>If the US dollar appreciates/depreciates 10% against the Turkish lira</i>		
1- Income/(loss) arising from US dollar net asset/(liability)	29,994	(29,994)
2- Hedged amount from US dollar risk (-)	-	-
Net effect of the US dollar	29,994	(29,994)
<i>If the euro appreciates/depreciates 10% against the Turkish lira</i>		
3- Income/(loss) arising from euro net asset/(liability)	(353,021)	353,021
4- Hedged amount from euro risk (-)	-	-
Net effect of the euro	(353,021)	353,021
<i>If the British pound sterling appreciates/depreciates 10% against the Turkish lira</i>		
5- Income/(loss) arising from pound sterling net asset/(liability)	21,397	(21,397)
6- Hedged amount from pound sterling risk (-)	-	-
Net effect of the British pound sterling	21,397	(21,397)
<i>If the Swiss franc appreciates/depreciates 10% against the Turkish lira</i>		
7- Income/(loss) arising from Swiss franc net asset/(liability)	4,295	(4,295)
8- Hedged amount from Swiss franc risk (-)	-	-
Net effect of the Swiss franc	4,295	(4,295)
TOTAL NET EFFECT	(297,335)	297,335

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	December 31, 2014	
	Profit/(loss)	
	Appreciation of the foreign currency	Depreciation of the foreign currency
<i>If the US dollar appreciates/depreciates 10% against the Turkish lira</i>		
1- Income/(loss) arising from US dollar net asset/(liability)	48,647	(48,647)
2- Hedged amount from US dollar risk (-)	-	-
Net effect of the US dollar	48,647	(48,647)
<i>If the euro appreciates/depreciates 10% against the Turkish lira</i>		
3- Income/(loss) arising from euro-denominated net asset/(liability)	(565,699)	565,699
4- Hedged amount from euro risk (-)	-	-
Net effect of the euro	(565,699)	565,699
<i>If the Swiss franc appreciates/depreciates 10% against the Turkish lira</i>		
5- Income/(loss) arising from Swiss franc net asset/(liability)	3,509	3,509
6- Hedged amount from Swiss franc risk (-)	-	-
Net effect of the Swiss franc	3,509	3,509
TOTAL NET EFFECT	(513,543)	513,543

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Credit risk

Credit risk is defined as the risk that the Group could incur a loss as a result of one of the parties of the financial instrument not fulfilling its contractual obligation. The Group seeks to mitigate credit risk by performing transactions only with creditworthy parties and, where possible, by obtaining sufficient guarantees. The credit risks to which the Group is exposed and the credit ratings of its customers are monitored continuously. The credit risk is controlled through the limits set for the customers and reviewed and approved by the Group's management.

Trade receivables include a large number of customers. Credit evaluations are made continuously based on the balances of the customers' trade receivables.

June 30, 2015	Receivables				Other Current Assets	Deposits in Banks
	Trade Receivables		Other Receivables			
	Related Party	Third Party	Related Party	Third Party		
The maximum exposure to credit risk at the reporting date (A+B+C+D) (1)	3,730,918	81,921,354	9,967,073	122,890	-	2,452,836
The portion of maximum risk secured by guarantee, etc.	-	78,483,000	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	3,730,918	64,609,456	9,967,073	122,890	-	2,452,836
B. Book value of financial assets that would otherwise be considered past due or impaired whose terms have been renegotiated	-	-	-	-	-	-
C. Net book value of assets that are past due but not impaired	-	17,221,898	-	-	-	-
- The portion secured by guarantee, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	90,000	-	-	-	-
- Past due (gross book value)	-	2,701,493	-	-	-	-
- Impairment (-)	-	(2,611,493)	-	-	-	-
- The portion of the net value secured by guarantee etc.	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The portion of the net value secured by guarantee etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(1) In determining the amount, the guarantees received, factors that increase the credit reliability are not considered.

(2) Guarantees consist of collateral bonds, guarantee cheques and mortgages received from the customers.

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December 31, 2014	Receivables				Other Current Assets	Deposits in Banks
	Trade Receivables		Other Receivables			
	Related Party	Third Party	Related Party	Third Party		
The maximum exposure to credit risk at the reporting date (A+B+C+D) (1)	67,292	83,170,858	10,477,580	-	-	1,209,817
The portion of maximum risk secured by guarantee, etc.	-	77,653,000	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	67,292	72,078,539	10,477,580	-	-	1,209,817
B. Book value of financial assets that would otherwise be considered past due or impaired whose terms have been renegotiated	-	-	-	-	-	-
C. Net book value of assets that are past due but not impaired	-	11,092,321	-	-	-	-
- The portion secured by guarantee, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	47,358	-	-	-	-
- Impairment (-)	-	(47,358)	-	-	-	-
- The portion of the net value secured by guarantee etc.	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The portion of the net value secured by guarantee etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(1) In determining the amount, the guarantees received, factors that increase the credit reliability are not considered.

(2) Guarantees consist of collateral bonds, guarantee cheques and mortgages received from the customers.

Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its net funding requirements. Liquidity risk is managed through cash inflows and outflows that are balanced within credit limits that are predetermined with credit institutions.

The breakdown of financial liabilities according to their maturities is shown taking into account the period from balance sheet date to maturity date.

The following statement presents the position of the Group's financial liabilities as of June 30, 2015 and December 31, 2014 according to the maturities of undiscounted contractual payments.

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Contractual Maturities	June 30, 2015				
	Book Value	Total Contractual Cash Outflows	Less than 3 months	3 to 12 months	1 to 5 years
Non-derivative Financial Liabilities	31,969,146	33,196,707	16,241,648	16,955,059	-
Bank Loans	22,181,568	23,282,487	8,309,000	14,973,487	-
Finance Lease Liabilities	-	-	-	-	-
Trade Payables	4,158,403	4,285,045	2,303,473	1,981,572	-
Other Payables and Liabilities	5,629,175	5,629,175	5,629,175	-	-
Expected Maturities	Book Value	Total Expected Cash Outflows	Less than 3 months	3 to 12 months	1 to 5 years
Non-derivative Financial Liabilities	55,047,811	55,462,481	4,185,156	51,277,325	-
Bank Loans	4,185,156	4,185,156	4,185,156	-	-
Trade Payables	37,198,901	37,613,571	-	37,613,571	-
Other Payables and Liabilities	13,663,754	13,663,754	-	13,663,754	-
Expected (or Contractual) Maturities	Book Value	Total Contractual/Expected Cash Outflows	Less than 3 months	3 to 12 months	1 to 5 years
Derivative Cash Inflows	-	-	-	-	-
Derivative Cash Outflows	-	-	-	-	-

Contractual Maturities	December 31, 2014				
	Book Value	Total Contractual Cash Outflows	Less than 3 months	3 to 12 months	1 to 5 years
Non-derivative Financial Liabilities	39,194,735	39,194,735	25,639,735	13,555,000	-
Bank Loans	30,755,403	30,755,403	17,200,403	13,555,000	-
Finance Lease Liabilities	-	-	-	-	-
Trade Payables	7,015,504	7,015,504	7,015,504	-	-
Other Payables and Liabilities	1,423,828	1,423,828	1,423,828	-	-
Expected Maturities	Book Value	Total Expected Cash Outflows	Less than 3 months	3 to 12 months	1 to 5 years
Non-derivative Financial Liabilities	27,971,156	27,971,156	27,971,156	-	-

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Bank Loans	-	-	-	-	-
Trade Payables	27,939,975	27,939,975	27,939,975	-	-
Other Payables and Liabilities	31,181	31,181	31,181	-	-
Expected (or Contractual) Maturities	Book Value	Total Contractual/Expected Cash Outflows	Less than 3 months	3 to 12 months	1 to 5 years
Derivative Cash Inflows	-	-	-	-	-
Derivative Cash Outflows	-	-	-	-	-

Note 27 - Financial instruments (Fair value disclosures and disclosures related to hedge accounting)**Fair value of financial instruments**

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties in an arm's-length transaction, other than a forced sale or liquidation.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is used in interpreting market data to estimate fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of financial instruments for which fair value could be determined:

Financial assets

It is accepted that the fair value of the foreign-currency-based balances translated with the year-end exchange rates approximates their carrying amounts. Cash and cash equivalents are shown at their fair values. Trade receivables and receivable from related parties are recorded at their discounted values and it is assumed that their fair values approximate their carrying amounts.

Financial liabilities

Trade payables, payables to related parties, financial payables and other monetary liabilities are estimated to approximate their fair values at their discounted carrying amounts and it is accepted that the fair values of the foreign-exchange-based balances translated with the year-end exchange rates approximate their carrying amounts.

Classification of Financial Instruments

According to TAS 39 "Financial Instruments: Recognition and Measurement", financial assets are classified into four groups and financial liabilities are classified into two groups. Financial assets include assets whose fair value (FV) difference are recognised through the income statement, assets held to maturity, loans and receivables, and available-for-sale assets. Financial liabilities are classified into two groups as financial liabilities whose fair value difference are recognised through the income statement and other financial liabilities.

As of June 30, 2015 and December 31, 2014, the values and classifications of financial assets and liabilities at the balance sheet date are as follows:

June 30, 2015	whose FV Differences are Reflected to Income Statement Financial Assets	Financial Assets Held to Maturity	Loans and Receivables	Available-for-sale Financial Assets	Other/Payables Measured at Amortised Cost
Financial Assets					
Cash and cash equivalents	2,459,870	-	-	-	-
Financial investments	-	-	-	-	-
Trade receivables	-	-	85,652,272	-	-
Other receivables	-	-	10,089,963	-	-
Financial Liabilities					
Financial payables	-	-	-	-	26,366,726
Trade payables	-	-	-	-	41,357,304

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Other payables	-	-	-	-	10,095
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(Amounts are expressed in Turkish lira ("TL") unless stated otherwise)

December 31, 2014	whose FV Differences are Reflected to Income Statement Financial Assets	Financial Assets Held to Maturity	Loans and Receivables	Available-for-sale Financial Assets	Other/Payables Measured at Amortised Cost
Financial Assets					
Cash and cash equivalents	1,229,935	-	-	-	-
Financial investments	104,308	-	-	-	-
Trade receivables	-	-	78,399,416	-	-
Other receivables	-	-	10,477,580	-	-
Financial Liabilities					
Financial payables	-	-	-	-	30,755,403
Trade payables	-	-	-	-	40,054,157
Other payables	-	-	-	-	3,000

Fair value measurements are disclosed in the accounting policies for each financial asset and liability and there is no other event that requires any valuation. It is assumed that the carrying values of cash and deposits approximate the fair values.

The Company categorizes financial instruments carried at fair value using a three-level hierarchy according to the inputs of each class of financial instruments as follows.

Level 1: For the specified financial instruments, valuation techniques wherein the market price (unadjusted) traded on active markets is used

Level 2: Other valuation techniques involving directly or indirectly observable inputs

Level 3: Valuation techniques not involving observable market inputs.

As of June 30, 2015, the fair value measurements hierarchy table is as follows:

Financial assets carried at fair value in the statement of financial position	Level 1	Level 2	Level 3
Cash and cash equivalents	2,459,870	-	-
Financial investments	-	-	-

As of December 31, 2014, the fair value measurements hierarchy table is as follows:

Financial assets carried at fair value in the statement of financial position	Level 1	Level 2	Level 3
Cash and cash equivalents	1,229,935	-	-
Financial investments	104,308	-	-

Note 28 - Events After the Balance Sheet Date

Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Management and authorised for publication on August 19, 2015. The General Meeting has the authority to modify the financial statements.

About New Business Relation

The letter of intent signed on January 14, 2015 with the company PATENTES TALGO S.L.U. located in Spain on carrying out joint project, joint venture and/or transferring technology for the purpose of the production, sale, maintenance and repair of train, high-speed train and railway materials and equipment within the Company was renewed so as to be valid until December 25, 2015.