Tümosan Engine and Tractor Industry Inc. and its Subsidiaries

Consolidated Financial Statements and their
Condensed Notes for the Interim Period from
January 01 to Septrember 30, 2015

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 SEPTEMBER 30, 2015 AND DECEMBER 31, 2014

	Note References	Unaudited September 30, 2015	Audited Revised (*) December 31, 2014	Audited Revised (*) December 31, 2013
ASSETS				
Current Assets		**240,777,248**	**209,110,745**	**192,221,008**
Cash and Cash Equivalents	5	10,501,176	1,229,935	5,376,059
Financial Investments	6	-	104,308	242,251
Trade Receivables				
- Trade Receivables from Related Parties	8-25	6,991,181	67,292	152,625
- Trade Receivables from Third Parties	8	91,410,997	78,332,124	54,758,269
Other Receivables				
- Other Receivables from Related Parties	9-25	10,541,562	10,477,580	131,435
- Other Receivables From Third Parties	9	123,487	-	-
Inventories	10	104,014,693	88,634,580	97,497,807
Prepaid Expenses	18	6,307,345	7,664,542	2,900,204
Other Current Assets	18	10,886,807	22,600,384	31,162,358
Fixed Assets Other		**114,666,061**	**108,000,758**	**109,332,904**
Receivables				
- Other Receivables From Related Parties		-	-	6,055,718
- Other Receivables From Third Parties		-	-	-
Investment Property	11	2,034,824	2,093,781	2,175,296
Tangible Fixed Assets	12	93,543,341	93,225,096	92,851,641
Intangible Fixed Assets				
- Goodwill		-	-	-
- Other Intangible Fixed Assets	13	18,991,597	12,660,443	8,236,529
Prepaid Expenses	18	96,299	-	-
Other Fixed Assets	18	-	21,438	13,720
TOTAL ASSETS		**355,443,309**	**317,111,503**	**301,553,912**

(*) See Note 2.A

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

	Note References	Unaudited September 30, 2015	Audited Revised (*) December 31, 2014	Audited Revised (*) December 31, 2013
RESOURCES				
Short-term Liabilities		**95,511,233**	**85,444,028**	**53,423,212**
Short-term Borrowings	7	29,418,204	25,656,725	639,468
Short-term Portions of Long-term Borrowings		-	-	2,906,810
Other Financial Liabilities	7	2,126,880	5,098,678	-
Trade Payables				
- Trade Payables to Related Parties	8-25	617,120	172,683	139,962
- Trade Payables to Third Parties	8	45,032,082	39,881,474	35,870,152
Other Payables				
- Other Payables to Related Parties	9-25	577,320	-	-
- Other Payables to Third Parties	9	27,160	3,000	105,299
Liabilities for Employee Benefits	17	2,989,719	1,332,697	1,146,217
Deferred Income	18	6,068,578	5,419,148	1,556,375
Tax Liability on Income for the Period		1,330,846	-	4,319,199
Short-term Provisions				
- Short-Term Provisions for Employee Benefits	16	680,345	579,343	518,366
- Other Short-term Provisions	14	6,536,966	5,845,270	5,847,546
Other Short-term Liabilities	18	106,013	1,455,010	373,818
Long-term Liabilities		**4,059,456**	**3,759,605**	**3,726,815**
Long-term Borrowings		-	-	41,512
Long-term Provisions				
- Long-term Provisions for Employee Benefits	16	3,159,078	2,808,016	2,039,725
- Other Long-term Provisions		-	-	-
Deferred Tax Liability	23	900,378	951,589	1,645,578
Other Long-term Liabilities		-	-	-
EQUITY		**255,872,620**	**227,907,870**	**244,403,885**
Equity of the Parent Company		**255,872,620**	**227,907,870**	**236,057,395**
Paid-in Capital	19	115,000,000	115,000,000	115,000,000
Premiums/Allowances on Shares		13,074,563	13,074,563	13,074,563
Reserves on Retained Earnings	19	13,843,979	10,504,898	3,954,095
Capital Reserves	19	511,923	-	-
Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss				
- Revaluation and Measurement Gains/Losses		39,371,136	39,371,136	39,371,136
- Actuarial Gains/Losses from Pension Plans		186,162	(112,686)	227,596
Accumulated Profits/Losses	19	46,730,878	28,324,897	-
Net Income/Loss for the Period	24	27,153,979	21,745,062	64,430,005
Non-controlling Interests		**-**	**-**	**8,346,490**
TOTAL RESOURCES		**355,443,309**	**317,111,503**	**301,553,912**

(*) See Note 2.A

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

CONSOLIDATED INCOME STATEMENTS FOR THE INTERIM PERIODS FROM JANUARY 01 to SEPTEMBER 30, 2015 and JANUARY 01 to SEPTEMBER 30, 2014
(Amounts are expressed in Turkish lira (TL) unless stated otherwise)

	Note	Unaudited		Unaudited	Revised(*)
		01.01.2015 -	01.07.2015-	01.01.2014 -	01.07.2014-

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	Note References	Unaudited 01.01.2015 September 30, 2015	Unaudited 01.07.2015 September 30, 2015	Unaudited Revised (*) 01.01.2014 September 30, 2014	Unaudited Revised (*) 01.07.2014 September 30, 2014
Revenue	20	322,749,977	107,004,972	310,331,889	90,213,649
Cost of Sales (-)	20	(251,872,671)	(81,108,067)	(262,316,260)	(76,916,339)
GROSS PROFIT/(LOSS)		**70,877,306**	**25,896,905**	**48,015,629**	**13,297,310**
General Administrative Expenses (-)	21	(9,777,493)	(3,485,129)	(5,596,024)	(1,759,477)
Marketing Expenses (-)	21	(27,292,225	(9,527,406)	(13,402,046)	(3,746,811)
Research and Development Expenses (-)	21	(2,883,796)	(972,883)	(1,431,398)	(577,447)
Other Real Operating Income		7,557,768	442,430	2,596,752	754,132
Other Real Operating Expenses (-)		(5,147,712)	(878,220)	(3,207,298)	937,062
REAL OPERATING PROFIT/LOSS		**33,333,848**	**11,475,697**	**26,975,615**	**8,904,769**
Income from Investing Activities		82,496	78,795	15,963	1
Expenses from Investing Activities (-)		(24,955)	-	-	-
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES		**33,391,389**	**11,554,492**	**26,991,578**	**8,904,770**
Financing Income		5,091,748	2,063,856	1,756,175	(669,725)
Financing Expenses (-)		(5,977,095)	(2,211,665)	(4,756,710)	(1,562,815)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**32,506,042**	**11,406,683**	**23,991,043**	**6,672,230**
Tax Income/(Expense) from Continuing Operations		**(5,352,063)**	**(3,318,004)**	**(4,506,392)**	**(1,236,563)**
- Tax Income/(expense) for the Period	23	(5,477,986)	(2,735,385)	(4,699,387)	(765,714)
- Deferred Tax Income/(Expense) for the Period	23	125,923	(582,619)	192,995	(470,849)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	24	**27,153,979**	**8,088,679**	**19,484,651**	**5,435,667**
INCOME/(LOSS) FOR THE PERIOD		**27,153,979**	**8,088,679**	**19,484,651**	**5,435,667**
Distribution of Income/(Loss) for the period		**27,153,979**	**8,088,679**	**19,484,651**	**5,435,667**
Non-controlling Interests		-	-	-	659,198
Parent Company's Shares	24	27,153,979	8,088,679	19,484,651	4,776,469
Number of Shares		**115,000,000**	**115,000,000**	**115,000,000**	**115,000,000**
Earnings Per Share	24	**0.2361**	**0.0703**	**0.1694**	**0.0473**

(*) See Note 2.A

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

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS OF JANUARY 01 - SEPTEMBER 30, 2015 and JANUARY 01 - SEPTEMBER 30, 2014

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		Unaudited		Unaudited Revised (*)	
	Note References	**01.01.2015 September 30, 2015**	**01.07.2015 September 30, 2015**	**01.01.2014 September 30, 2014**	**01.07.2014 September 30, 2014**
INCOME/(LOSS) FOR THE PERIOD	24	**27,153,979**	**8,088,679**	**19,484,651**	**5,435,667**
OTHER COMPREHENSIVE INCOME					
Not To Be Reclassified to Profit or Loss		**298,848**	**(251,104)**	**(359,249)**	**(329,093)**
Actuarial Gains/Losses from Employee Benefits					
- Actuarial Gain/Loss	16	373,560	(313,880)	(449,062)	(411,367)
- Deferred Tax Expense/Income		(74,712)	62,776	89,813	82,274
To Be Reclassified As Profit or Loss		**-**	**-**	**-**	**-**
OTHER COMPREHENSIVE INCOME (AFTER TAX)		**298,848**	**(251,104)**	**(359,249)**	**(329,093)**
TOTAL COMPREHENSIVE INCOME		**27,452,827**	**7,837,575**	**19,125,402**	**5,106,574**
Distribution of the Total Comprehensive Income		**27,452,827**	**7,837,575**	**19,125,402**	**5,106,574**
Non-controlling Interests		-	-	-	659,198
Parent Company's Shares		27,452,827	7,837,575	19,125,402	4,447,376

(*) See Note 2.A

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIODS OF JANUARY 01 - SEPTEMBER 30, 2015 and JANUARY 01 - SEPTEMBER 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	-	-	-	-	-	-	-	27,153,979	27,153,979	-	27,153,979
Other Comprehensive Income		-	-	-	-	-	298,848	-	-	298,848	-	298,848
September 30, 2015		**115,000,000**	**13,074,563**	**39,371,136**	**13,843,979**	**511,923**	**186,162**	**46,730,878**	**27,153,979**	**255,872,620**	**-**	**255,872,620**
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)	-	-	-
Business Combinations under Common Control		-	-	-	-	-	-	(12,304,305)	-	(12,304,305)	7,687,293	(19,991,598)
Net Income/(Loss) for the Period		-	-	-	-	-	-	-	19,484,651	19,484,651	-	19,484,651
Other Comprehensive Income		-	-	-	-	-	359,249	-	-	359,249	-	359,249
September 30, 2014 – revised (*)		**115,000,000**	**13,074,563**	**39,371,136**	**10,504,898**	**-**	**586,845**	**28,324,897**	**19,484,651**	**226,346,990**	**-**	**226,346,990**

(*) See Note 2.A

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

CONSOLIDATED CASH-FLOW STATEMENTS FOR THE INTERIM PERIODS OF JANUARY 01 - SEPTEMBER 30, 2015 and JANUARY 01 - SEPTEMBER 30, 201[4]
(Amounts are expressed in Turkish lira (TL) unless stated otherwise)

		Unaudited	
	Note References	**September 30, 2015**	**Revised September 30, 2014**
Net profit before tax		32,506,040	19,484,651
Reconciliation of net income to net cash provided by operating activities:			
Adjustments related to depreciation and amortisation expenses	11,12,13	10,450,427	7,906,139
Adjustments related to severance payment		616,677	(99,480)
Adjustments related to provision for doubtful receivables	8	2,234,442	-
Adjustments related to provision/(cancellation) for inventory impairment	10	572,107	-
Provision for unused vacation entitlements		123,093	30,712
Adjustments related to fixed asset sales profit/loss, net		(78,795)	-
Provision for impairment of shares		24,955	-
Provision for warranties, net		8,037,586	(1,423,567)
Provision for lawsuits, net	14	665,886	-
Interest and factoring expenses		694,586	4,756,710
Interest income		(6,419,290)	(1,756,175)
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		(15,436,802)	(41,938,901)
Adjustments related to increase/decrease in trade and other payables/receivables with related parties		(5,966,114)	89,376
Adjustments related to increase/decrease in inventories	10	(15,952,220)	(16,879,396)
Adjustments related to increase/decrease in other current assets	18	13,070,774	13,238,979
Adjustments related to increase/decrease in other fixed assets	18	(74,861)	(123,580)
Adjustments related to increase/decrease in trade and other payables	8.9	5,619,205	27,217,309
Adjustments related to other liabilities and provisions		(556,302)	-
Adjustments related to deferred income		649,430	(2,177,135)
Severance payments paid		187,965	5,450
Taxes paid		(4,147,140)	(4,037,093)
Other expenses (income) not requiring cash outflow (inflow), net		61,519	(193,222)
Net cash from/(used in) operating activities		**26,962,521**	**4,100,777**
Cash flows from investing activities			
Cash outflows from purchases of tangible and intangible fixed assets	12.13	(18,250,928)	(7,619,592)
Proceeds from the sales of tangible fixed assets		140,808	-
Net cash from/(used in) investing activities		**(18,110,120)**	**(7,619,592)**
Net cash used in financial activities			
Financial payables net	7	789,681	38,407,567
Interest paid		(2,343,065)	(2,375,747)
Interest earned		1,972,224	1,756,175
Dividend Paid		-	(17,250,000)
Cash outflows related to acquisition of entities under common control		-	(19,991,598)
Net cash from financial activities		**418,840**	**546,397**
Net increase/decrease in cash and cash equivalents		9,271,241	(2,972,418)
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**	**10,501,176**	**2,403,641**

(*) See Note 2.A

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

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:

	September 30, 2015	**December 31, 2014**
Name/Title	**Share Rate %**	**Share Rate %**
Ereğli Textile Tourism Industry and Trade Inc.	66.33	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	23.23	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.

The upper limit of the Company's registered capital is TL 500 million with the Capital Markets Borard'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 September 30, 2015, the average number of white-collar workers employed by the Company is 179 (December 31, 2014 - 176) and the number of blue-collar workers is 280 (December 31, 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 September 30, 2015 have been prepared by consolidating the following subsidiaries in accordance with the full consolidation method:

	Ownership Ratio	
Company	**September 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 attachements 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 September 30,

2015. Therefore, these condensed consolidated interim financial statements should be read together with the Group's consolidated financial statements as at 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 purchased10,000,000 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 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 31 December 2013 and 31 December 2014 and comprehensive income for the periods of 01 January-31 December 2013, 01 January-30 June 2014 and 01 January-31 Aralık 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:

Financial Statement Accounts	December 31, 2014	September 30, 2014	December 31, 2013
Tangible Fixed Assets	984,486	722,894	2,024,247
Intangible Fixed Assets	306,975	601,009	435,074
Investment Property	453,013	668,329	499,020
Total Amount Revised	**1,744,474**	**1,992,232**	**2,958,341**
Deferred Tax (net)	(348,895)	(398,446)	(591,668)
Increase/Decrease in the Amount of Equity	**1,395,579**	**1,593,785**	**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 September 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 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 recognize 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. This amendment 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 counterpart 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, and 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.

TFRS 14 Regulatory Deferral Accounts

With this regulation a comprehensive project on Rate-regulated Activities has been initiated. As part of the project, a limited scope standard has been published to provide an interim solution for rate-regulated entities that will adopt TFRS for the first-time. This standard allows entities adopting TFRS 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 TFRS. 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.

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

This amendmend changed TAS 27 to reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in entities' separate financial statements. Accordingly, entities are required to recognise these investments:

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

Entities must apply the same accounting for each category of investments. Consequently, an amendment was also made to TFRS 1 First-time Adoption of Turkish Financial Reporting Standards. The amendment to TFRS 1 permits first-time adopters to account for their investments in their separate financial statements using the equity method when applying TFRS 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. The effects of this amendment on the Group's financial position and performance is being assessed.

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.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture - Bearer Plants (Amendments): In June 2014, TASB issued an amendment that requires the recognition of "bearer plants" within the scope of the standard "TAS 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 should be accounted for under TAS 16 rather than TAS 41 and allows them to be valued either using the "cost model" or "revaluation model". The produce on bearer pants will be accounted for using the fair value model less costs to sell in TAS 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 Group and is not expected to have a material effect on 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:

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 subsiadiary 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.

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.

<u>Available-for-sale Financial Investments</u>

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 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 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 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 recognised 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.

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:

	Useful Life (Year)
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 using the effective interest rate method and recognized on an accrual basis, and rental income obtained within operating lease is recognized 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 statements of cash flows as of September 30, 2015 and December 31, 2014 are as follows:

	30.09.2015	31.12.2014
Cash	8,138	20,118
Banks	2,403,743	1,209,817
Cheques and notes maturing on the balance sheet date	8,089,295	-
Total	**10,501,176**	**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 revaluation 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 purchased10,000,000 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:

	2014
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

	September 30, 2015	December 31, 2014
Cash	8,138	20,118
Demand deposits in banks	2,403,743	927,757
Time deposits in banks	-	282,060
Cheques and notes maturing on the balance sheet date	8,089,295	-
Total	**10,501,176**	**1,229,935**

There are no time deposits as of September 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

	September 30, 2015	December 31, 2014
Financial assets whose fair value differences are reflected on profit/loss		
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).

Note 7 - Financial Payables

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

	September 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	14.50% - 15.25%	29,418,204	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		29,418,204		25,656,725

Other Financial Liabilities	September 30, 2015	December 31, 2014
Payables from factoring transactions (*)	2,126,880	5,098,678
Total	**2,126,880**	**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

	September 30, 2015	December 31, 2014
Trade Receivables from Related Parties	***6,991,181***	***67,292***
Trade receivables	4,173,264	67,292
Postdated cheques and notes receivable	2,817,917	-
Trade Receivables from Third Parties	***91,410,997***	***78,332,124***
Trade receivables	55,040,501	13,709,386
Postdated cheques and notes receivable	39,058,668	65,076,468
-Less: Provision for doubtful receivables ([1])	(2,688,172)	(453,730)
Total	**98,402,178**	**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	(2,234,442)	(406,372)
Provisions no longer required	-	1,968,836
Period-end balance	**(2,688,172)**	**(453,730)**

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

			Provision not allocated despite being overdue			
	Total	**Amounts not past due and for which provision is not allocated**	**Up to 1 month**	**1 to 3 months -**	**3 to 4 months -**	**4 months and over**
September 30, 2015	58,760,035	33,189,003	10,775,111	7,350,133	3,151,037	4,294,751
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.

	September 30, 2015	**December 31, 2014**
Trade Payables to Related Parties	***617,120***	***172,683***
Trade Payables to Third Parties	***45,032,082***	***39,881,474***
Trade payables	41,417,968	32,865,970
Postdated cheques and notes payable	3,614,114	7,015,504
Total	**45,649,202**	**40,054,157**

Not 9 - Other Receivables and Payables

	30.09.2015	**31.12.2014**
Other Receivables From Related Parties	***10,541,562***	***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)	2,664,040	3,474,463
Kademe Waste Technologies Industry Inc. (Note 25)	739,467	223,879
Other	258	
Other Receivables From Third Parties	***123,487***	**-**
Other Receivables	123,487	-
Other Receivables (Short Term)	**10,665,049**	**10,477,580**

	30.09.2015	**31.12.2014**
Other Payables to Related Parties	***577,320***	**-**
Kademe Waste Technologies Industry Inc. (Note 25)	571,373	-
Muzaffer Albayrak (Note 25)	5,947	-
Other Payables to Third Parties	***27,160***	***3,000***
Guarantees received	3,000	3,000
Other Payables	24,160	-
Other Payables (Short Term)	**604,480**	**3,000**

Note 10 - Inventories

	30.09.2015	31.12.2014
Materials and spare parts	76,147,930	58,770,748
Work in process inventories	5,608,454	6,085,685
Finished goods inventories	9,391,470	11,293,878
Trade goods	1,194,623	4,141,295
Goods in transit	10,472,086	10,225,027
Other Inventories	3,654,290	-
Provision for inventories (-)	(2,454,160)	(1,882,053)
Total	**104,014,693**	**88,634,580**

There are no pledges or mortgages on the inventories as of September 30, 2015 and December 31, 2014.

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

	01.01-30.09.2015	01.01-31.12.2014
Balance at the beginning of the period	**(1,882,053)**	**(826,681)**
Expense for the current period	(572,107)	(1,484,233)
Realised in the current period	-	428,861
Period-end balance	**(2,454,160)**	**(1,882,053)**

Note 11 - Investment Property

	30.09.2015	31.12.2014
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	(58,957)	(81,515)
Period-end balance	**(338,980)**	**(280,023)**
Net book value at the end of the period	**2,034,824**	**2,093,781**

a. As of 1 January 2012, the invesment 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 a partial division on 4 July 2012 pursuant to the decision of the Board of Management dated 15 March 2012.

b. As of September 30, 2015, the net book value of Engine Mechanical Work Plant, an asset classified as investment property, is TL 343,528. In the current period, the Company obtained TL 90,000 rental income from these investment properties. The Company has determined the fair value of this investment property as TL 2,331,000 according to the valuation study made by TSKB Real Estate Appraisal Inc. in May 2012.

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As of September 30, 2015, from the assets classified as investment property, the net book value of the apartments that are leased in the form of office is TL 1,691,296. In the current period, the Group obtained USD 140,850 rental income from these investment properties. 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.

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

Note 12 - Tangible Fixed Assets

	Lands	Overland plants	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Special costs	Investments in progress	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	4,050,048	982,711	1,097,658	141,600	16,807	7,888,824
Outflows	-	-	-	-	(223,362)	(13,632)	-	-	(236,994)
September 30, 2015	**44,313,075**	**2,520**	**12,908,332**	**69,309,251**	**4,529,869**	**8,419,658**	**910,501**	**16,807**	**140,410,013**
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	-	(159)	(188,958)	(5,622,079)	(523,129)	(1,033,683)	(64,067)	-	(7,432,076)
Depreciation of Outflows	-	-	-	-	85,316	13,174	-	-	98,490
September 30, 2015	**-**	**(1,093)**	**(1,589,453)**	**(38,086,826)**	**(2,313,690)**	**(4,257,201)**	**(618,409)**	**-**	**(46,866,672)**
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 September 30, 2015	**44,313,075**	**1,427**	**11,318,879**	**31,222,425**	**2,216,179**	**4,162,457**	**292,092**	**16,807**	**93,543,341**

	Lands	Overland plants	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Special costs	Investments in progress	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

	30.09.2015	31.12.2014
Net book value on January 1	**12,660,443**	**8,236,529**
Purchases	10,362,104	6,761,524
Outflows	(1,071,556)	-
Amortisation charges	(2,959,394)	(2,337,610)
Net book value at the end of the period	**18,991,597**	**12,660,443**
Period-end		
Cost	26,098,682	16,808,134
Accumulated amortisation charges	(7,107,085)	(4,147,691)
Net book value	**18,991,597**	**12,660,443**

Intangible fixed asset inflows as of September 30, 2015 consist of: applications submitted to TUBITAK-TEYDEB for "Diesel engine design compliying phase 4 emission standards of in-line 6-cylinder turbo intercooler (TL 1,459,298)", numbered 3120432 and dated February 25, 2013, "Design and development of a hydraulic drive 4-wheel self-propelled dry type cotton picker (TL 3,070,451)", 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 3,768,768)", 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 1,471,289.

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

Note 14 - Provisions, Contingent Assets and Liabilities

Debt Provisions

	September 30, 2015	December 31, 2014
Provision for warranties	5,871,080	5,845,270
Provision for lawsuits	665,886	-
Total	**6,536,966**	**5,845,270**

Note 15 - Commitments

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

GPMs Given by the Company (in TL):	September 30, 2015	December 31, 2014
A. The Total Amount of GPMs Given on Behalf of its Own Legal Entity	3,510,271	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 (*)	531,518,621	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 3rdParties that Do Not Fall under Article C Amount	-	-
Total	**535,028,892**	**469,079,085**

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

	30.09.2015	31.12.2014
Turkish lira	534,355,422	468,660,224
US dollar	673,470	418,861
Total	**535,028,892**	**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

	30.09.2015	31.12.2014
Provision for unused vacations	680,345	579,343
Total	**680,345**	**579,343**

Long-Term Employee Benefits

	September 30, 2015	December 31, 2014
Provision for severance payments	3,159,078	2,808,016
Total	**3,159,078**	**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 3,828 as of 30 September 2015 and TL 3,438 as of 31 December 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 September 30, 2015 and December 31, 2014 are as follows:

	September 30, 2015	December 31, 2014
Discount rate	11.50%	8.00%
Estimated wage increase rate	9.00%	6.50%
Net discount rate	2.29%	1.50%

Movement table of provision for severance payment

	September 30, 2015	December 31, 2014
Balance on January 1	**2,808,016**	**2,039,725**
Service cost	298,280	621,971
Interest expense	322,922	175,416
- Actuarial gain/loss	(373,560)	425,352
Payments and provisions no longer required	(139,481)	(454,448)
Provisions allocated during the period	242,901	-
Period-end Balance	**3,159,078**	**2,808,016**

Note 17 - Liabilities for Employee Benefits

	30.09.2015	31.12.2014
Taxes and liabilities payable	1,099,736	1,169,373
Payables to employees	1,889,983	163,324
Short-Term Provisions for Employee Benefits	**2,989,719**	**1,332,697**

Note 18 - Other Assets and Liabilities

	September 30, 2015	December 31, 2014
Deferred VAT	10,803,280	22,418,421
Deposits and guarantees given	77,235	64,625
Other	6,292	117,338
Other Current Assets	**10,886,807**	**22,600,384**
Advances given	5,950,495	7,664,542
Expenses and income accruals for future months	246,631	-
Work advances	110,219	-
Prepaid Expenses (short-term)	**6,307,345**	**7,664,542**

	September 30, 2015	December 31, 2014
Other fixed assets	-	21,438
Other Fixed Assets	**-**	**21,438**
Advances given	95,902	-
Expenses for future years	397	-
Prepaid Expenses (long-term)	**96,299**	**-**

	September 30, 2015	December 31, 2014
Taxes and funds payable	83,720	1,423,828
Other	22,293	31,182
Other Short-term Liabilities	**106,013**	**1,455,010**

	September 30, 2015	December 31, 2014
Advances received	6,068,578	5,419,148
Deferred Income (short-term)	**6,068,578**	**5,419,148**

Note 19 - Equity

A. Capital

The Group's shareholders and their shares in the capital as of September 30, 2015 and December 31, 2014 are as follows:

	September 30, 2015		December 31, 2014	
Name/Title	**Share Rate %**	**Share Amount (TL)**	**Share Rate %**	**Share Amount (TL)**
Ereğli Textile Tourism Industry and Trade Inc.	66.33	76,285,493	67.20	77,285,493
Other	10.44	12,000,000	11.74	13,500,000
Free-float portion	23.23	26,714,507	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 September 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 valuated 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 ofshareholders within the frame of their dividend distribution policies to be determined by thegeneral meeting of shareholders and in accordance with the provisions of the applicable laws andregulations. 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 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.

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:

	September 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

	30.09.2015	31.12.2014
R&D grants	511,923	-
Total	**511,923**	**-**

D. Accumulated Profits/(Losses)

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

	September 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 - September 30, 2015	July 1- September 30, 2015	January 1 - September 30, 2014	July 1- September 30, 2014
Domestic sales	318,872,550	107,939,131	302,128,954	91,125,165
Foreign sales	8,239,964	2,529,672	11,382,621	1,971,226
Other sales	195,885	90,501	-	-
Sales returns and allowances	(4,558,422)	(3,554,332)	(3,179,686)	(2,882,742)
Total revenue, net	**322,749,977**	**107,004,972**	**310,331,889**	**90,213,649**
Total cost of sales (-)	**(251,872,671)**	**(81,108,067)**	**(262,316,260)**	**(76,916,339)**
Gross profit	**70,877,306**	**25,896,905**	**48,015,629**	**13,297,310**

b. Distribution of Sales by Product Groups (net)

	January 1- September 30, 2015	July 1- September 30, 2015	January 1- September 30, 2014	July 1- September 30, 2014
Tractor sales	303,530,896	99,439,490	296,837,917	84,099,681
Spare part sales	11,743,950	5,907,026	10,983,520	5,033,151
Engine sales	4,434,743	1,658,456	2,510,452	1,080,817
Sales of agricultural equipment	3,040,388	-	-	-
Total sales	**322,749,977**	**107,004,972**	**310,331,889**	**90,213,649**

Note 21 - Operating Expenses

	January 1- September 30, 2015	July 1- September 30, 2015	January 1- September 30, 2014	July 1- September 30, 2014
Research and development expenses	(2,883,796)	(972,883)	(1,431,398)	(577,447)
Marketing, sales and distribution expenses	(27,292,225	(9,527,406)	(13,402,046)	(3,746,811)
General administrative expenses	(9,777,493)	(3,485,129)	(5,596,024)	(1,759,477)
Total	**(39,953,514)**	**(13,985,418)**	**(20,429,468)**	**(6,083,735)**

Note 22 - Expenses by Nature

	January 1-September 30, 2015	July 1-September 30, 2015	January 1-September 30, 2014	July 1-September 30, 2014
Provision for warranty expenses	(8,037,585)	(3,643,928)	(3,056,841)	(1,071,652)
Sales transportation expenses	(1,945,141)	(631,570)	(2,548,261)	(278,382)
Personnel expenses	(2,127,079)	(632,172)	(2,198,859)	(753,741)
Promotion expenses	(1,971,136)	(1,159,246)	-	-
Advertising and announcement expenses	(941,361)	(165,600)	(3,057,820)	(407,900)
Fair and exhibition expenses	(599,828)	(60,932)	(576,950)	(576,950)
Accommodation expenses	(416,970)	(141,177)	(257,690)	(62,740)
Fuel expenses	(158,950)	(56,889)	(187,358)	(62,843)
Premium and commission expenses	(10,649,627)	(2,854,696)	-	-
Representation and entertainment expenses	(76,663)	(8,993)	(221,571)	(221,571)
Mobile service meal and accommodation expenses	(48,312)	(11,834)	-	-
Other	(319,573)	(160,369)	(1,296,696)	(311,032)
Marketing, sales and distribution expenses	**(27,292,225**	**(9,527,406)**	**(13,402,046)**	**(3,746,811)**

	January 1-September 30, 2015	July 1-September 30, 2015	January 1-September 30, 2014	July 1-September 30, 2014
Personnel expenses	(2,696,661)	(1,125,766)	(2,066,455)	(698,423)
Financial and legal consulting expenses	(1,070,774)	(299,612)	(784,488)	(166,087)
Depreciation and amortization expenses	(3,591,533)	(1,142,532)	(1,174,622)	(398,566)
Data processing materials expenses	(445,536)	(136,387)	(183,029)	(60,593)
Real estate rental expenses (rental expenses)	(280,976)	(93,262)	(323,046)	(110,397)
Litigation, enforcement and proceeding expenses	(40,549)	(10,996)	(95,241)	(9,521)
Travel and accommodation expenses	(274,056)	(87,940)	-	-
Subscription expenses	(172,772)	(41,105)	-	-
Stationery expenses	(64,360)	(24,216)	-	-
Fuel expenses	(72,425)	(27,051)	-	-
Telephone expenses	(70,918)	(23,361)	(84,345)	(84,345)
Electricity expenses	(115,312)	(90,041)	(73,302)	(27,221)
Internet expenses	(9,673)	(1,160)	-	-
Vehicle rental expenses	(25,769)	(11,462)	-	-
Other	(846,179)	(370,238)	(811,496)	(204,324)
General administrative expenses	**(9,777,493)**	**(3,485,129)**	**(5,596,024)**	**(1,759,477)**

Note 23 - Tax Assets and Liabilities

	January 1-September 30, 2015	July 1-September 30, 2015	January 1-September 30, 2014	July 1-September 30, 2014
Corporate income tax for the current period	(5,477,986)	(2,735,385)	(4,699,387)	(765,714)
Deferred tax (income)/expense	125,923	(582,619)	192,995	(470,849)

Total	**(5,352,063)**	**(3,318,004)**	**(4,506,392)**	**(1,236,563)**

In Turkey, the corporate income tax rate is 20% Corporate income tax rate is applied to the net corporation profit calculated by adding non-deductable 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 September 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:

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

	Taxable temporary differences		Deferred tax assets/(liabilities)		Income statement and other comprehensive income	
	September 30, 2015	**December 31, 2014**	**September 30, 2015**	**December 31, 2014**	**September 30, 2015**	**December 31, 2014**
Tangible and intangible fixed assets	12,815,912	12,676,609	(2,563,183)	(2,535,322)	(27,860)	44,451
Provision for severance payments	(3,159,078)	(2,640,128)	631,816	528,026	103,790	120,081
Provision for vacation	(680,344)	579,343	136,069	115,869	20,200	12,196
Provision for inventories	(2,454,160)	(1,882,053)	490,832	376,411	114,421	211,075
Effect of inventory valuation adjustments	(1,071,556)	(4,917,287)	214,311	983,457	(769,146)	423,965
Provision for doubtful receivables	(2,688,172)	(453,730)	537,634	90,746	446,888	(178,168)
Effect of rediscount adjustments	(2,084,574)	(1,421,472)	416,915	284,294	132,621	114,099
Provision for warranty expenses	(5,871,079)	(5,849,823)	1,174,216	1,169,965	4,251	456
Tangible fixed assets valuation fund	41,443,305	41,443,305	(2,072,165)	(2,072,165)	-	-
Provision for lawsuits	(665,886)	-	133,177	-	133,177	-
Other	-	(535,655)	-	107,131	(107,131)	(54,164)
Deferred tax liabilities, net	**35,584,368**	**35,840,423**	**(900,378)**	**(951,589)**	**51,211**	**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-September 30, 2015	**July 1-September 30, 2015**	**January 1-September 30, 2014**	**July 1-September 30, 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	27,153,979	8,088,679	19,484,651	5,435,667
Earning per share (TL)	0.2361	0.0703	0.1694	0.0473

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:

September 30, 2015

	Receivables				Payables	
	Short Term		Long Term		Short Term	
Balances with related parties	**Trade**	**non-trade**	**Trade**	**non-trade**	**Trade**	**non-trade**
Shareholders						
Ereğli Textile Tourism Industry Trade Inc. (1)	2,817,917	7,137,797	-	-	71,392	-
Muzaffer Albayrak (1)	-	-	-	-	-	5,946
Other companies managed by the main shareholder						
Albil Central Services and Trade Inc. (2)	-	-	-	-	494,114	-
Albayrak Tourism Travel Construction Trade Inc. (2)	997,759	2,664,040	-	-	1,165	-
Nakil Logistics Inc. (2)	2,661,924	-	-	-	-	-
Albayrak Company Somali Mogadishuport Operation	444,836	-	-	-	-	-
Kademe Waste Technologies Industry Inc. (2)	5,963	739,467	-	-	-	571,374
Birlikte Distribution Inc. (2)	-	-	-	-	2,570	-
Other	-	258	-	-	-	-
Yeşil Adamlar Waste Management and Transport Inc. (2)	10,948	-	-	-	-	-
Platform Tourism Trade Inc. (2)	-	-	-	-	47,237	-
Birun Hotel Management (2)	51,834	-	-	-	-	-
Reklam Piri Media Communication Inc. (2)	-	-	-	-	642	-
	6,991,181	**10,541,562**	**-**	**-**	**617,120**	**577,320**

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

December 31, 2014

	Receivables				Payables	
	Short Term		Long Term		Short Term	
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**	**-**

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

As of September 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:

Services and Other Purchases

	January 1- December 31, 2015	Jan. 1 - Sep. 30, 2014
Ereğli Textile Tourism Industry and Trade Inc. (1)	-	1,551
Albil Central Services and Trade Inc. (1) (a)	1,513,066 -	1,060,480
Ağa Mining Industry Trade Ltd. (1)	-	97,364
Kademe Waste Technologies Industry Inc. (1)	337,930 -	239,187
Yeşil Adamlar Waste Management and Transport Inc. (1)	-	161,977
Reklam Piri Media Communication Inc. (1)	5,000	18,700
Birlikte Distribution Inc. (1)	1,080	1,323
Platform Tourism Transport Food Construction Cleaning Services Industry and Trade Inc. (1)	33,300	-
Dolu Fuel Marketing Inc. (1)	-	387
Total	**1,890,376**	**1,580,969**

(1) Albayrak Group controls the company.
(a) The Company receives data processing service from this company.

Sales and Other Income

	January 01 - September 30, 2015			January 01 - September 30, 2014		
	Interest	**Rent**	**Other**	**Interest**	**Rent**	**Other**
Albayrak Tourism Travel Construction Trade Inc.	74,265	283,871	-	2,781	-	-
Albayrak Foundation	-	-	-	-	3,600	-
Albayrak Company Somali Mogadishuport Operation	-	-	214,404	-	-	-
Nakil Logistics Inc.	-	1,860	(*) 7,464,641	-	-	-
Ereğli Textile Tourism Industry and Trade Inc.	794,869	5,966	70,656	737,271	50,515	24,219
Yeşil Adamlar Waste Management and Transport Inc.	-	-	9,505	-	-	38,559
Birun Hotel Management	-	-	49,167	-	-	-
Kademe Waste Technologies Industry Inc.	2,281	93,814	660,283	-	114,973	68,936
	871,415	**385,511**	**8,468,656**	**740,052**	**169,088**	**131,714**

(*) Tractor sales

Dividends Paid to Related Parties

	January 1-December 31, 2015	**Jan. 1 - Sep. 30, 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 September 30, 2015, the total amount of benefits and advantages provided to the top management is TL 664,173 (September 30, 2014 - TL 705,828).

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).

	September 30, 2015	December 31, 2014
Total debt	99,570,689	89,203,633
Less: Cash and cash equivalents	(10,501,176)	(1,229,935)
Net Debt	**89,069,513**	**87,973,698**
Total equity	255,872,620	227,907,870
Debt - Equity Balance	**166,803,107**	**139,934,172**
Net Financial Liability/Equity Ratio	**35%**	**39%**

Interest Rate Risk

As of September 30, 2015 and December 31, 2014, the Group does not bear 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.

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

	September 30, 2015	December 31, 2014
A. Assets in foreign currency	6,934,965	2,308,843
B. Liabilities in foreign currency	(12,026,231)	(7,444,259)
Net foreign-exchange position (A + B)	**(5,091,266)**	**(5,135,416)**

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

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

STATEMENT OF FOREIGN-EXCHANGE POSITION

	September 30, 2015								
	US dollar	**TL Equivalent**	**Euro**	**TL Equivalent**	**GBP**	**TL Equivalent**	**CHF**	**TL Equivalent**	**Total TL equivalent**
- Cash and cash equivalents	35	107	201,519	689,436	-	-	-	-	689,543
- Trade receivables	162,228	493,710	953,206	3,261,107	-	-	-	-	3,754,817
- Other current assets	324,190	986,608	368,740	1,261,533	52,585	242,464	-	-	2,490,605
Current Assets	**486,453**	**1,480,425**	**1,523,465**	**5,212,076**	**52,585**	**242,464**	**-**	**-**	**6,934,965**
Total Assets	**486,453**	**1,480,425**	**1,523,465**	**5,212,076**	**52,585**	**242,464**	**-**	**-**	**6,934,965**
- Trade payables	(482,050)	(1,467,024)	(3,086,405)	(10,559,207)	-	-	-	-	(12,026,231)
- Short-term financial payables	-	-	-	-	-	-	-	-	-
Short-term Liabilities	**(482,050)**	**(1,467,024)**	**(3,086,405)**	**(10,559,207)**	**-**	**-**	**-**	**-**	**(12,026,231)**
Total Liabilities	**(482,050)**	**(1,467,024)**	**(3,086,405)**	**(10,559,207)**	**-**	**-**	**-**	**-**	**(12,026,231)**
Net Foreign-Currency Position	**4,403**	**13,401**	**(1,562,940)**	**(5,347,131)**	**52,585**	**242,464**	**-**	**-**	**(5,091,266)**

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)**

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 September 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 September 30, 2015 and December 31, 2014 is as follows:

	September 30, 2015	
	Profit/(loss)	
	Appreciation of the foreign currency	**Depreciation of the foreign currency**
If the US dollar appreciates/depreciates 10% against the Turkish lira		
1- Income/(loss) arising from US dollar net asset/(liability)	1,340	(1,340)
2- Hedged amount from US dollar risk (-)	-	-
Net effect of the US dollar	**1,340**	**(1,340)**
If the euro appreciates/depreciates 10% against the Turkish lira		
3- Income/(loss) arising from euro net asset/(liability)	(534,713)	534,713
4- Hedged amount from euro risk (-)	-	-
Net effect of the euro	**(534,713)**	**534,713**
If the British pound sterling appreciates/depreciates 10% against the Turkish lira		
5- Income/(loss) arising from pound sterling net asset/(liability)	24,246	(24,246)
6- Hedged amount from pound sterling risk (-)	**-**	**-**
Net effect of the British pound sterling	**24,246**	**(24,246)**
TOTAL NET EFFECT	**(509,127)**	**509,127**

	December 31, 2014	
	Profit/(loss)	
	Appreciation of the foreign currency	**Depreciation of the foreign currency**
If the US dollar appreciates/depreciates 10% against the Turkish lira		
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)**
If the euro appreciates/depreciates 10% against the Turkish lira		
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**
If the Swiss franc appreciates/depreciates 10% against the Turkish lira		
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**

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.

September 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)	**6,991,181**	**91,410,997**	**10,541,562**	**123,487**	**8,089,295**	**2,411,881**
The portion of maximum risk secured by guarantee, etc.	-	80,957,400	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired (2)	6,991,181	65,275,839	10,541,562	123,487	8,089,295	2,411,881
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	-	25,571,031	-	-	-	-
- The portion secured by guarantee, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	564,127	-	-	-	-
- Past due (gross book value)	-	3,252,299	-	-	-	-
- Impairment (-)	-	(2,688,172)	-	-	-	-
- 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.

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	72,078,537	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 September 30, 2015 and December 31, 2014 according to the maturities of undiscounted contractual payments.

	September 30, 2015				
Contractual Maturities	**Book Value**	**Total Contractual Cash Outflows**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**
Non-derivative Financial Liabilities	**34,446,883**	**35,336,983**	**31,971,881**	**3,365,102**	**-**
Bank Loans	29,418,203	30,206,487	27,906,487	2,300,000	-
Finance Lease Liabilities	-	-	-	-	-
Trade Payables	3,614,114	3,715,930	2,650,828	1,065,102	-
Other Payables and Liabilities	1,414,566	1,414,566	1,414,566	-	-
Expected Maturities	**Book Value**	**Total Expected Cash Outflows**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**
Non-derivative Financial Liabilities	**61,064,343**	**61,562,798**	**2,126,880**	**59,435,918**	**-**
Bank Loans	2,126,880	2,126,880	2,126,880	-	-
Trade Payables	42,035,087	42,533,542	-	42,533,542	-
Other Payables and Liabilities	16,902,376	16,902,376	-	16,902,376	-
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	-	-	-	-	-

	December 31, 2014				
Contractual Maturities	**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**	**-**	**-**

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

September 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	10,501,176	-	-	-	-
Financial investments	-	-	-	-	-
Trade receivables	-	-	98,402,178	-	-
Other receivables	-	-	10,665,049	-	-
Financial Liabilities					
Financial payables	-	-	-	-	31,545,084
Trade payables	-	-	-	-	45,649,202
Other payables	-	-	-	-	604,480

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 September 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	10,501,176	-	-
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 November 9, 2015. The General Meeting has the authority to modify the financial statements.

About the Signing of the Technical Support Provider Agreement with AVL List GmbH

The negotiations of an agreement with the Undersecretariat for Defence Industries for the "Power Group Development Project", which the Company had been working for tender since 2012, were completed in accordance with the decision of the Defence Industry Executive Committee dated August 6, 2014, and the Company and the Undersecretariat for Defence Industries (SSM) signed an agreement for the "Power Group

Development Project" on March 17, 2015.

- The agreement is worth 190 million euros. Within the scope of the project, which is planned to last for 54 months in total, it is aimed to make an original design, development, prototype production, testing and qualification of the Power Group, which is planned to be used primarily in Altay tank by utilizing the existing domestic facilities and capabilities to the maximum extent and, if necessary, obtaining technical support from abroad, so that all rights will belong to the Undersecretariat for Defence Industries. In the light of experience that will be gained from this project, it is also aimed to design, develop and produce power groups needed for other ground and sea platforms in the inventories of the Turkish Armed Force with national resources in the future. Long-standing negotiations with Technical Support Provider (TSP) candidates within the frame of the SSM-Tümosan Agreement were also concluded and the Technical Support Provider Agreement was signed with AVL List GmbH on October 7, 2015. Within the scope of the agreement, AVL Firm will provide technical support to our Company for the design and development of the Power Group and its integration into the Altay Tank.