

COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH (NOTE 2.1.4)**

COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2014 AND 2013**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

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COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**CONSOLIDATED BALANCE SHEETS
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2014 AND 2013**

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

	Notes	31 December 2014	31 December 2013
ASSETS			
Current Assets		352.993.495	498.282.580
Cash and Cash Equivalents	4	30.421.286	26.802.660
Trade Receivables	6	127.288.330	65.019.762
- Trade receivables from related parties	6, 26	91.348.742	30.736.348
- Trade receivables from non-related parties		35.939.588	34.283.414
Other Receivables	7	71.562.542	310.116.101
- Trade receivables from related parties	26	71.227.324	309.683.070
- Trade receivables from non-related parties	7	335.218	433.031
Inventories	8	97.939.220	78.545.047
Prepaid Expenses	9	5.114.631	2.369.893
Current Income Tax Assets	25	1.804.670	562.557
Other Current Assets	16	18.862.816	14.866.560
Non-Current Assets		564.291.003	349.708.404
Other Receivables		211.552.500	10.574.113
- Financial receivables from related parties	7, 26	211.552.500	10.574.113
Investments in Associates	10	3.727.580	3.459.038
Property, Plant and Equipment	11	313.750.768	315.919.466
Intangible Assets		12.623.657	15.532.633
- Goodwill	13	2.989.519	2.919.110
- Other Non-current Assets	12	9.634.138	12.613.523
Prepaid Expenses	9	12.636.498	4.223.154
Other Non-Current Assets	16	10.000.000	-
TOTAL ASSETS		917.284.498	847.990.984

Financial statements were approved and authorised for issue in the meeting of Board of Directors dated 24 February 2015. In addition, financial statements as of 31 December 2014 are subject to approval of shareholders of the Componenta Dökümcülük Ticaret ve Sanayi A.Ş. in the General Assembly.

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH (NOTE 2.1.4)**

COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**CONSOLIDATED BALANCE SHEETS
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2014 AND 2013**

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

	Notes	31 December 2014	31 December 2013
LIABILITIES			
Current Liabilities		282.498.828	371.546.312
Short-Term Borrowings	5	141.985.006	260.567.620
Short-Term Portion of Long Term Borrowings	5	8.775.511	4.792.440
Trade Payables	6	107.720.376	79.446.896
- Trade payables to related parties	6,26	4.181.985	1.768.774
- Trade payables to non-related parties	6	103.538.391	77.678.122
Liabilities for Employee Benefits	15	11.869.164	7.097.664
Other payables	7	1.151.104	1.244.747
- Other trade payables	7, 26	23.653	23.653
- Trade payables from related parties	7	1.127.451	1.221.094
Provisions	14	4.206.200	5.496.012
Financial Instruments	28	-	3.592.883
Other Current Liabilities	16	6.791.467	9.308.050
Non-Current Liabilities		294.685.398	143.172.805
Long-Term Borrowings	5	241.080.138	94.916.669
Long-Term Provisions		25.269.994	22.600.537
- Provisions for benefits to personnel	15	25.269.994	22.600.537
Deferred Tax Liabilities	25	28.335.266	25.655.599
SHAREHOLDERS' EQUITY		340.100.272	333.271.867
Shareholders' equity of parent company			
Paid in Capital	17	66.844.800	66.844.800
Paid-in Capital Inflation Adjustment Differences		45.195.347	45.195.347
Share Premium		161.041	161.041
Other Comprehensive Income/Expense Not to be			
Reclassified to Profit or Loss		69.378.716	72.487.593
- Gain/loss on revaluation and remeasurement		75.385.972	76.376.567
- Funds for actuarial gain/(loss) on employee termination benefits		(6.007.256)	(3.888.974)
Other Comprehensive Income/Expense to be			
Reclassified to Profit or Loss		56.620.764	68.354.907
- Currency translation differences		56.620.764	68.354.907
Restricted Reserves	17	12.188.190	12.136.306
Retained Earnings		69.030.584	52.781.088
Net Profit for the Period		20.680.830	15.310.785
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		917.284.498	847.990.984

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH (NOTE 2.1.4)**

COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2014 AND 2013**

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

	Notes	1 January- 31 December 2014	1 January- 31 December 2013
CONTINUING OPERATIONS:			
Sales Income	18	760.007.920	635.656.586
Cost of Sales (-)	18	(601.150.763)	(499.410.008)
GROSS PROFIT		158.857.157	136.246.578
Marketing, Sales and Distribution Expenses (-)	19	(60.159.103)	(49.997.791)
General Administrative Expenses (-)	19	(44.041.355)	(39.044.560)
Research and Development Expenses (-)	19	(3.208.407)	(2.470.413)
Other Operating Income	21	33.424.362	33.026.634
Other Operating Expenses (-)	21	(34.527.447)	(15.765.119)
OPERATING PROFIT		50.345.207	61.995.329
Investment Operating Expenses (-)	22	7.087.463	16.873.507
Income From Investments In Associate	10	359.284	378.065
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSE		57.791.954	79.246.901
Financial Incomes	23	44.770.129	4.801.699
Financial Expenses	24	(73.086.463)	(57.616.805)
INCOME BEFORE TAXES		29.475.620	26.431.795
Taxation on Income		(8.794.790)	(11.121.010)
- Taxes on Income	25	(4.407.039)	(5.990.538)
- Deferred Tax Income	25	(4.387.751)	(5.130.472)
NET PROFIT		20.680.830	15.310.785
Earnings Per Share			
Earnings Per Share With A Nominal Value Of Kr 0.1 Each (Kr)	29	0.3094	0.2290
OTHER COMPREHENSIVE INCOME			
Profit or Loss to be reclassified			
Changes in foreign currency translation differences		(11.734.143)	66.653.929
Profit or Loss not to be reclassified			
Funds For Actuarial Gain/(Loss) on Employee Termination Benefits		(2.118.282)	(3.906.256)
TOTAL COMPREHENSIVE INCOME		6.828.405	78.058.458

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

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ORIGINALLY ISSUED IN TURKISH (NOTE 2.1.4)

COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2014 AND 2013

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

Consolidated statements of changes in shareholders' equity for the period 1 January - 31 December 2014:

	Paid-in Capital	Inflation Adjustment to share capital	Share premium	Other Comprehensive Income and Expense Not To Be Reclassified To profit or loss		Restricted reserves	Other Comprehensive Income and Expense To Be Reclassified To profit or loss		Retained Earning	
				Funds for actuarial gain/(loss) on employee termination benefit	Revaluation fund		Foreign currency translation differences	Retained earnings	Net profit for the period	Total equity
1 January 2013	66.844.800	45.195.347	161.041	-	76.980.484	23.240.986	1.700.978	73.997.421	14.839.402	302.960.459
Effect on change in accounting policies	-	-	-	17.282	-	-	-	-	(17.282)	-
Restated at 1 January	66.844.800	45.195.347	161.041	17.282	76.980.484	23.240.986	1.700.978	73.997.421	14.822.120	302.960.459
Dividend paid	-	-	-	-	-	(17.454.152)	-	(30.292.898)	-	(47.747.050)
Transfers	-	-	-	-	-	-	-	14.822.120	(14.822.120)	-
Depreciation transfer	-	-	-	-	(603.917)	-	-	603.917	-	-
Comprehensive income for the period	-	-	-	(3.906.256)	-	-	66.653.929	-	15.310.785	78.058.458
31 December 2013	66.844.800	45.195.347	161.041	(3.888.974)	76.376.567	5.786.834	68.354.907	59.130.560	15.310.785	333.271.867
1 January 2014										
Effect on change in accounting policies	66.844.800	45.195.347	161.041	(3.888.974)	76.376.567	5.786.834	68.354.907	59.130.560	15.310.785	333.271.867
Restatement(Note 2)	-	-	-	-	-	6.349.472	-	(6.349.472)	-	-
Restated at 1 January	66.844.800	45.195.347	161.041	(3.888.974)	76.376.567	12.136.306	68.354.907	52.781.088	15.310.785	333.271.867
Depreciation transfer	-	-	-	-	(990.595)	-	-	990.595	-	-
Transfers	-	-	-	-	-	51.884	-	15.258.901	(15.310.785)	-
Comprehensive income for the period	-	-	-	(2.118.282)	-	-	(11.734.143)	-	20.680.830	6.828.405
31 December 2014	66.844.800	45.195.347	161.041	(6.007.256)	75.385.972	12.188.190	56.620.764	69.030.584	20.680.830	340.100.272

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COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2014 AND 2013**

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

	Notes	1 January - 31 December 2014	1 January - 31 December 2013
Operating Activities:			
Income after tax		20.680.830	15.310.785
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation	11	20.170.639	19.103.446
Amortization	12	2.591.571	2.752.594
Provision release income for diminution in value of inventories	8	863.875	100.481
Provision for employment termination benefit	15	6.822.160	8.194.580
Share in results of associates	10	(359.284)	(378.065)
Interest and due date charge income	23	3.697.038	(17.947.274)
Interest and factoring expenses	24	29.019.070	(27.994.617)
Foreign currency translation differences		3.831.893	(44.655.229)
Provision of litigation		(55.804)	-
Provision for tax penalty		-	353.149
Forward exchange accruals		-	485.383
Tax expense/income	25	8.794.790	11.121.010
Cash flows from operating activities before changes in operating assets and liabilities		96.056.778	(33.553.757)
Change in trade receivables		(10.073.171)	(4.537.444)
Change in related party balances	26	(61.896.221)	(9.313.196)
Change in inventories	8	(20.258.048)	(19.735.976)
Change in other assets and receivables		(24.493.969)	691.573
Change in trade payables		25.860.269	21.877.925
Income taxes paid		(6.211.709)	(6.553.095)
Change in other liabilities		(2.654.675)	(5.814.082)
Employment termination benefits paid	15	(4.152.703)	(2.836.092)
Net cash provided by operating activities		(7.823.449)	(59.774.144)
Investing Activities:			
Interest and due date charge income		8.416.997	17.947.275
Purchase of property, plant and equipment		(36.871.273)	(17.283.804)
Purchase of intangible assets		(35.505)	(2.082.102)
Proceeds from sale of property, plant and equipment and intangible assets		-	1.302.840
Dividends received	10	(90.360)	105.420
Loans lent to related parties	7	37.477.359	(29.859.121)
Advances given for investment		-	(1.654.001)
Net cash used in investing activities		8.897.218	(31.523.493)
Financial Activities:			
Proceeds from bank borrowings		42.212.069	291.757.223
Payments of bank borrowings		(10.648.142)	(140.114.050)
Financial leases		-	1.740.402
Interest and factoring expenses paid		(29.019.070)	(28.480.000)
Dividend payment		-	(47.747.050)
Net cash provided by financing activities		2.544.857	77.156.525
Net increase/ (decrease) in cash and cash equivalents		3.618.626	(14.141.112)
Cash and cash equivalents at the beginning of the year	4	26.802.660	40.943.772
Cash and cash equivalents at the end of the year	4	30.421.286	26.802.660

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

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
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COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2014 AND 2013**

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Componenta Dökümcülük Ticaret ve Sanayi A.Ş. (the "Company") was established in 1973 in Orhangazi, Bursa and operated as a subsidiary of Koç Holding A.Ş until 12 December 2006. Koç Holding has transferred its shares to Componenta Oyj located in Finland, at 12 December 2006. Accordingly the Company is a subsidiary of Componenta Oyj since then. . The main operation of the Company is production and trade of gray cast iron, spheroidal cast iron and aluminium castings for the automotive industry. The Company's production and trading operations are conducted in its premises based in Bursa - Orhangazi and in its aluminium casting factory in Manisa Industrial Area, which was acquired in 1999. The Company is registered with the Capital Markets Board of Turkey and its shares are currently quoted in the Borsa İstanbul A.Ş. ("BIST"). The main shareholder of the Company is Componenta Oyj (Note 17).

The commercial name of the Company which was Componenta Döktaş Dökümcülük Ticaret ve Sanayi A.Ş. has been changed to Componenta Dökümcülük Ticaret ve Sanayi A.Ş. on 28 April 2008.

The average number of employees during the year ended 1 January-31 December 2014 was 2.560. (1 January - 31 December 2013: 2.470).

The registered office addresses of Orhangazi and Manisa plants are as follows:

Gölyolu no: 26 P.K. (18) Orhangazi 16801 Bursa.

Organize Sanayi Bölgesi Sakarya Cad. No: 14, 45030 Manisa

Componenta UK is the wholly owned subsidiary of the Company. Componenta UK operates in England and conducts the trade and marketing activities of gray cast iron, wheel and high pressure.

The Company and its subsidiary (together will be referred to as the "Group ") considers gray cast iron, wheel and aluminium casting as three separate business segments and performs segment reporting for management reporting purposes. There is no geographical segmentation as the production activities, being the principal area of activity for the Group, are conducted in Turkey.

The associate of the Group is Kumsan Döküm Malzemeleri San. ve Ticaret A.Ş. ("Kumsan") as of 31 December 2014 and 31 December 2013 (Note 10).

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH (NOTE 2.1.4)**

COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2014 AND 2013**

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Accounting standards

The consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting principles published by the CMB, namely "CMB Financial Reporting Standards".

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

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

The Group (and its Turkish subsidiaries, associates and joint ventures) maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These (consolidated) financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities (for any further assets or liabilities measured at fair value, please disclose here) which are carried at fair value. The (consolidated) financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

Change in the functional currency

Due to Euro denominated transactions gained gradually significance on Company's operations during last quarters, the Company changed its TL functional currency to Euro beginning from 1 March 2012. Presentation currency of the Group remains as Turkish Lira.

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2014 AND 2013**

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

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

2.1 Basis of Presentation (Continued)

2.1.1 Accounting standards (Continued)

Transactions and balances

Transactions denominated in foreign currency, on the day of the transaction are translated into the functional currency using the exchange rates. Settlement of such transactions and the foreign currency denominated monetary assets and liabilities at period end exchange rates arising from translating foreign currency income and expenses, cash flow and net investment protection is accounted for by the equity accounted under other than those consolidated financial statements are included in.

The translation of the financial statements of subsidiaries in foreign countries

Foreign countries operating in the subsidiary's functional currency British Pounds ("GBP") and the assets, liabilities and equity at balance sheet date exchange rates, income statement items at the average rates of exchange used (the average exchange rate on the transaction dates established changes in a logical manner does not reflect the transactions occur at the dates translated using the exchange rate), which is the Company's functional currency are translated into euros. Subsidiaries operating in foreign countries on the average exchange rates prevailing at the balance sheet date exchange rate differences arising from the consolidated shareholders' equity under the "Foreign currency translation differences" are followed in.

The financial statements of subsidiaries in foreign countries for the conversion of the balance sheet and income statement items in the dates for the related period average exchange rates used are as follows:

<u>End of the term:</u>	31 December 2014	31 December 2013
Turkish Lira / British Pound	3,5961	3,5114
<u>The average :</u>	1 January - 31 December 2014	1 January - 31 December 2014
Turkish Lira / British Pound	3,5925	2,9731

Translation to the presentation currency

**CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
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COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2014 AND 2013**

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

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

2.1 Basis of Presentation (Continued)

2.1.1 Accounting standards (Continued)

- (a) As of 31 December 2014, the assets and liabilities in the consolidated balance sheet date with the CBRT buying exchange rate of 2,8207 TL / Euro (31 December 2013: The 2,9365) and are translated into TL. Equity items are moved with historical values.
- (b) 1 January - 31 December 2014 for the year-end period consolidated comprehensive income statement items 2014's twelve-month average CBT Euro exchange buying rate is 2,9049 TL / Euro (1 January -31 December 2013 for the period 12 Monthly average CBT Euro exchange buying rate of 2,5272 TL / Euro) and are translated into TL.
- (c) All exchange differences arising on the Group's financial which are located within shareholders' equity under the foreign currency translation differences have been recognized.

2.1.2 Consolidation principles

The consolidated financial statements include the accounts of the parent company, Componenta Dökümcülük Ticaret ve Sanayi A.Ş. and its subsidiary on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards stated in Note 2 by applying uniform accounting policies and presentation. The results of operations of Subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.

(i) Subsidiaries

The table below sets out investments in associates and the ownership interests of the Group:

	31 December 2014	31 December 2013
	<u>Ownership interest</u>	<u>Ownership interest</u>
Componenta UK Ltd.	100%	100%

Investments in associates, on which the Group has significant influence but does not have control over, are accounted using the equity method during the period that significant influence exists. Consolidated financial statements involve the income and expenses of associates to the extent of Group's share as associates are accounted for using the equity method.

The balance sheets and statements of income of the subsidiaries are consolidated on line-by-line basis and the carrying value of the investment held by the Group and its subsidiary is eliminated against the related equity. Intercompany transactions and balances between the Group and its subsidiary are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by the Group in its subsidiary are eliminated from shareholders' equity and income for the period, respectively.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

Since Group has 100 % of subsidiary there is no noncontrollable share.

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COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2014 AND 2013**

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

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

2.1 Basis of Presentation (Continued)

2.1.2 Consolidation principles (Continued)

Investments in associates

Subsidiaries refer to the companies that the Group has the power to control the financial and operating policies for the benefits of the Group, via either (a) owing the majority voting right by having more than 20% of the subsidiary's shares directly and/or indirectly or (b) not having the majority voting right 50%, however by controlling financial or operating policies.

Group subsidiaries in connection with the said direction under any obligation to enter or a commitment not have as long as investment in an associate's carrying value is zero or the Group has significant influence to end on the equity method of accounting is discontinued. The date that significant influence ceases carrying value of the investment, it is regarded as cost thereafter. Important events do not result in the loss of the decline in proportion of shares in an associate previously comprehensive income / (expense) recognized in the amounts, if appropriate, in accordance with the relevant provisions of IFRS net profit / (loss) associated with.

The following table shows the ratio of the Group's shares in subsidiary:

	31 December 2014	31 December 2013
	<u>Ownership interest</u>	<u>Ownership interest</u>
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş. ("Kumsan")	25,10%	25,10%

2.1.3 Amendments in International Financial Reporting Standards

(a) New and amended standards effective in 1 January 2014 but not relevant to the Group's financial statements:

- Amendment to TAS/IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities, effective from annual periods beginning on or after 1 January 2014. This amendment updates the application guidance in TAS/IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- Amendments to TAS/IAS 36, 'Impairment of assets', effective from annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendment to TAS/IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting, effective from annual periods beginning on or after 1 January 2014. These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

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

2.1 Basis of Presentation (Continued)

2.1.3 Amendments in International Financial Reporting Standards (Continued)

(a) New and amended standards effective in 1 January 2014 but not relevant to the Group's financial statements: (Continued)

- TFRIC/IFRIC 21, 'Levies', effective from annual periods beginning on or after 1 January 2014. This interpretation is on TAS/IAS 37, 'Provisions, contingent liabilities and contingent assets'. TAS/IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Amendments to TFRS/IFRS 10, 'Consolidated financial statements', TFRS/IFRS 12 and TAS/IAS 27 for investment entities, effective from annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made TFRS/IFRS 12 to introduce disclosures that an investment entity needs to make.

(b) New IFRS standards, amendments and IFRICs effective after 1 January 2015:

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:
 - TFRS/IFRS 2, 'Share-based payment'
 - TFRS/IFRS 3, 'Business Combinations'
 - TFRS/IFRS 8, 'Operating segments'
 - TFRS/IFRS 13, 'Fair value measurement'
 - TAS/IAS 16, 'Property, plant and equipment' and TAS/IAS 38, 'Intangible assets'
 - Consequential amendments to TFRS/IFRS 9, 'Financial instruments', TAS/IAS 37, 'Provisions, contingent liabilities and contingent assets', and
 - TAS/IAS 39, Financial instruments – Recognition and measurement'
- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycle of the annual improvements project, that affect 4 standards:
 - TFRS/IFRS 1, 'First time adoption'
 - TFRS/IFRS 3, 'Business combinations'
 - TFRS/IFRS 13, 'Fair value measurement' and
 - TAS/IAS 40, 'Investment property'.

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

2.1 Basis of Presentation (Continued)

2.1.3 Amendments in International Financial Reporting Standards (Continued)

(c) New and amended standards effective in 1 January 2014 but not relevant to the Group's financial statements:

- TFRS/IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. TFRS/IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS/IFRS. However, to enhance comparability with entities that already apply TFRS/IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- Amendment to TFRS/ IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendment to TAS/IAS 16, 'Property, plant and equipment' and TAS/IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- Amendments to TAS/IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to TFRS/IFRS 10, 'Consolidated financial statements' and TAS/IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS/IFRS 10 and those in TAS/IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

2.1 Basis of Presentation (Continued)

2.1.3 Amendments in International Financial Reporting Standards (Continued)

(c) New and amended standards effective in 1 January 2014 but not relevant to the Group's financial statements: (Continued)

- TFRS/IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2017. TFRS/IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- TFRS/IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS/IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- Amendments to TAS/IAS 16 'Property, plant and equipment', and TAS/IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS/IAS 16, instead of TAS/IAS 41. The produce growing on bearer plants will remain within the scope of TAS/IAS 41.
- Amendment to TAS/IAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - TFRS/IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
 - TFRS/IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to TFRS/IFRS 1) regarding servicing contracts.
 - TAS/IAS 19, 'Employee benefits' regarding discount rates.
 - TAS/IAS 34, 'Interim financial reporting' regarding disclosure of information.

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

2.2 Changes in Accounting Policies

Significant changes made in accounting policies and major accounting errors determined are applied and arranged to the prior period's financial statements.

There is no accounting policy and all accounting policies applied are consistent with the prior periods' policies.

2.3 Comparative information and restatement of prior period financial statements

The consolidated financial statements of the Group include comparative financial information to enable determination of the trends in the financial position and performance. The Group has prepared the consolidated balance sheet as of 31 December 2014 comparatively with the balance sheet at 31 December 2013, and consolidated statement of comprehensive income, consolidated statement of cash flow and consolidated statement of change in equity for the period between 1 January and 31 December 2014 comparative to the period between 1 January and 31 December 2013.

- In the current period's financial statements and footnote disclosures contained in the CMB based on the provisions contained in consolidated shareholders' equity "restricted reserves" and "retained earnings" include the amount of TL 6,349,472 has been detected in the transition to, said the transition to a deduction from retained earnings as at 1 January 2014 have been transferred to restricted reserves.
- Forward foreign exchange purchase transaction expenses amounting to TRY10,321,329 which was previously presented under "investments expenses" in the balance sheet for 31 December 2013 has been reclassified under "financial expenses".

Because of the classification in question within the concept of materiality in the comparative amounts for prior periods have not been restated.

2.4 Changes in accounting estimates and errors

Material changes in accounting policies or material errors are corrected, retrospectively; restating the prior period financial statements. Effects of changes in accounting estimates are recognized prospectively; i.e. the effects of such changes on current and future periods are recognized in the current and future periods.

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

2.5. Summary of significant accounting policies

Significant accounting policies considered during the preparation of consolidated financial statements are summarized below:

Cash and cash equivalents

Cash and due from banks comprise cash in hand, bank deposits and highly liquid, readily convertible into cash investments, whose maturity at the time of purchase is less than three months with insignificant risk of change in value (Note 4). The cash and cash equivalents are considered to approximate their respective carrying values due to their short-term nature and shown by their fair values in the financial statements.

Trade receivables and provision for doubtful receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. Additionally, the Group impairs the receivables for which there are no guarantees or special agreements and which are overdue for more than one year. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

The Group uses the following criteria for impairment tests of all financial assets:

- the debtor is in significant financial trouble,
- the debtor fails to fulfil contract provisions such as payment of the principal or the interest,
- a privilege was granted to the debtor for financial or legal reasons,
- the debtor has gone through or is expected to go through a financial restructuring, and
- the future cash flow to the Group which results from the financial assets will decrease, according to independent data.

The Group allocates a receivable risk provision for the trade receivables in case one of the below circumstances, which indicates that the Group is unable to collect the payables, arises. The Group sets aside provision for its receivables which have maturity of more than one year and which are not based on a special agreement or guarantee. The amount of such provision is the difference between the book value of the receivable and the collectible amount. The collectible amount is the expected cash flows' current value which is discounted based on the original effective interest rate of the initial receivable, and includes amounts which may be collected from guarantees and collateral.

If the impairment amount decreases due to an event occurring after the write-down, the release of the provision is credited to other income in the current period.

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

2.5. Summary of significant accounting policies (Continued)

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are materials, labor and an appropriate amount for factory overheads. Unit cost of inventory is calculated at monthly moving weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 8).

Property, plant and equipment

Property, plant and equipment acquired before 1 January 2005 are carried at cost and restated to the equivalent purchasing power at 31 December 2004 less accumulated depreciation. Items which are acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment; if any. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. Depreciation is charged so as to write off the cost or valuation of assets, using the straight-line method. Oncoming changes are reflected to financial statements taking into consideration capacity utilization rates, economic and technologic development:

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds against carrying amounts and are included in operating profit.

The Company has adopted "revaluation model" as permitted by IAS 16 "Property, plant and equipment" for its land, land improvements and buildings commencing from 31 December 2012, based on the valuation report performed by TSKB Gayrimenkul Değerleme A.Ş. as at 18 December 2012. The remaining assets such as machinery and equipments, furniture and fixtures, special costs and motor vehicles are continued to be measured at cost consistent with prior years.

In the revaluation performed;

- * All characteristics like; land location, local formation style, substructure and access opportunities, front line to street and avenue, area and location that may affect the value, have been taken into account, detailed market research has been done locally and the economical conditions that have arisen previously have been considered as well.
- * Revaluation reports have been prepared according to related Capital Markets Board regulatory provisions.
- * Revaluation has been applied in financial statements as of 31 December 2012 firstly.
- * Revaluation reports have been prepared by an independent expertise firm which gives service according to Capital Markets Board regulatory provisions.
- * Cost approach in valuation, precedent comparison, fair market value methodology and assumptions and up-to-date market conditions have been taken into consideration.
- * There is no restriction in distribution of increase in revaluation fund to shareholders.

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

2.5. Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

The Group considers the criteria below for test of impairment of financial assets:

- Debtor's financial difficulty is in substantial lack,
- Non-payment or late payment of principal or interest, such as the debtor's failure to comply with the provisions of the contract
- Economic or legal reasons, the debtor is recognized by the parties that any privilege,
- Borçlu olan tarafın finansal açıdan yeniden yapılandırmaya gitmesinin beklenmesi veya gitmesi,
- Using independent data, financial assets to the Group in the future, whether they be of a significant decline in cash flow.

Increases in the carrying amount arising on the revaluation of land, land improvements and buildings are credited to the revaluation reserve in equity, net of applicable deferred income tax.

Revalued amount is calculated by deducting the total of accumulated depreciation and impairment that have occurred in the periods after net realizable value determined in revaluation date. Revaluations are performed regularly, by ensuring that there are not any significant differences between net realizable value as of balance sheet date and net book value.

Decrease in book value arisen from the aforementioned revaluation process is booked in income statement in case the revaluation exceeds the balance already included in revaluation fund related to previous revaluation of the aforementioned asset.

When a revaluated tangible asset is disposed, revaluation fund related with tangible asset is transferred to retained earnings.

Depreciation is charged so as to write off the cost or valuation of assets, using the straight-line method. Land is not depreciated as it is deemed to have an indefinite life. The depreciation periods for property, plant and equipment, which approximate the useful lives of such assets, are as follows:

	Useful lives (year)
Buildings	30-50
Land improvements	15
Machinery and equipment	6-8
Furniture and fixtures	2-3
Motor vehicles	3-4

Land is not depreciated as it is deemed to have an indefinite life.

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

2.5. Summary of significant accounting policies (Continued)

Intangible assets

Intangible assets comprise acquired rights. They are recorded at acquisition cost, in each case intangible assets acquired before the date of 1 January 2005 have been restated to equivalent purchasing power at 31 December 2004, and amortized on a straight-line basis over their estimated useful lives for a period not exceeding 5-15 years from the date of acquisition. Where an indication of impairment exists, the carrying amount of any intangible asset including goodwill is assessed and written down immediately to its recoverable amount (Note 12).

Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

2.5. Summary of significant accounting policies (Continued)

Factoring arrangements

The Group collects a portion of its trade receivables through factoring arrangements. In accordance with the factoring agreements, in case the collection risk lies with the Group the related amount is carried under both trade receivables and financial liabilities until the collection of the trade receivable.

Goodwill

Goodwill has been recognised as an asset and has initially been measured as the excess of the cost of the combination over the fair value of the acquiree's assets, liabilities and contingent liabilities. The acquirer recognises identifiable assets (such as deferred income tax on carry forward losses), intangible assets (such as trademarks) and/or contingent liabilities which are not included in the acquiree's financial statements at their fair values in the consolidated financial statements. If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the related period.

Bank borrowings

Bank borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the borrowing period. Borrowing costs are charged to income statement when they incur.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Changes in the fair value of financial assets/liabilities recognized in statement of income

Since forward foreign exchange purchase contracts do not met the conditions for hedge accounting, such contracts are classified as financial assets/liabilities at fair value through profit or loss and the changes in the fair value of the contracts are recognized in the income statement.

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

2.5. Summary of significant accounting policies (Continued)

Share capital, dividends and share premium

Ordinary shares are classified as equity. Pro rata capital increases to existing shareholders are accounted for at par value as approved. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Share premium represents the difference between nominal value of the publicly held shares and their sales prices.

Taxes on income

Taxes include current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated based on currently enacted tax rates as of balance sheet date and according to tax legislation in force and includes adjustments related to previous years' tax liabilities.

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

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Carrying value of deferred tax assets are decreased to the extent necessary, if future taxable profits are not expected to be available to utilise deferred tax assets partially or fully.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities (Note 25).

Revenue recognition

Sales of goods

Revenues are recognised at the fair value of the consideration received or receivable on an accrual basis when delivery has occurred, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group. Considering the principle of transfer of risks and rewards, the Group recognizes revenue on export transactions, where the goods are delivered to foreign customers or warehouses of logistics partners of foreign customers when the goods are received by the customer or logistics partner of the customer. Net sales represent the invoiced amount less sales returns, discounts and commissions (Note 18).

The Group sells scrap aluminium to its suppliers in return for purchase of liquid aluminium. The sales of scrap aluminium are not presented as sales revenue; instead they are offset against the cost of scrap aluminium under the cost of sales.

Interest Revenue

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

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

2.5. Summary of significant accounting policies (Continued)

Share capital, dividends and share premium

Ordinary shares are classified as equity. Pro rata capital increases to existing shareholders are accounted for at par value as approved. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Share premium represents the difference between nominal value of the publicly held shares and their sales prices.

Foreign currency transactions and balances

Transactions in foreign currencies during the period have been translated using the ask rates announced by the Central Bank of Turkey prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising due to translation of foreign currency denominated items are included in the consolidated statement of income.

Events after Balance Sheet Date

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue.

The Group records adjusting events after the balance sheet date and disclose non-adjusting events after the balance sheet date on the accompanying financial statements.

Fair value of financial instruments

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the 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 the financial instruments for which it is practicable to estimate fair value:

Monetary assets:

The fair values of certain financial assets carried at cost, including cash and amounts due from banks are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables are estimated to be their fair values.

Fair value of given advances and loans to customers is calculated by determining cash flows discounted with current market interest rate. Carrying value of variable interest rate loans approximately assumed as fair value.

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

2.5. Summary of significant accounting policies (Continued)

Fair value of financial instruments (Continued)

Financial Liabilities

The fair values of short-term bank loans and trade payables are considered to approximate their book values due to their short-term nature. Fair value of long-term financial liabilities is calculated by determining cash flows discounted with current market interest rate.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in consolidated financial statements and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the consolidated financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the consolidated financial statements of the period in which the change occurs.

Employee Benefits / Provision for employment termination benefit

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses.

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

2.5. Summary of significant accounting policies (Continued)

Finance leases

Leases of property, plant and equipment where the Company substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included as finance lease obligations. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset

Obligations under finance leases are stated in the financial statements at the acquisition values of the related property, plant and equipment. The finance leases costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

Research and development

Research expenditure is recognised as expense as incurred. Costs incurred on development projects (relating to the design and testing of developed products) are recognised as intangible assets when it is probable that the project will be completed satisfactorily considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as expense as incurred. If the Group has research and development related incentive revenue, research and development costs are offset against the incentive revenue. Development costs previously recognised as expense are not recognised as an asset in subsequent periods.

Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and members of the Board, their family members and companies, subsidiaries and partnerships managed or controlled by them are considered and referred to as related parties (Note 26). The related party transactions with companies and individuals during the period are disclosed in the notes even if such parties are not considered to be related parties as of period-end.

Earnings per Share

Earnings per share stated on statements of income are calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the year.

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

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

2.5. Summary of significant accounting policies (Continued)

Reporting of cash flow

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

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

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

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used for redemption.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with less than 3 months to maturity (Note 4).

Segment Reporting

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and if its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

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

2.6 Significant accounting estimates and assumptions

Preparation of consolidated financial statements requires use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of balance sheet date, contingent assets and liabilities disclosed and amount of revenue and expenses reported. Although, these estimates and assumptions rely on the Group management's best knowledge about the current events and transactions, actual outcome may vary from those estimates and assumptions. Group's significant accounting estimate is as follows:

(a) Useful lives of tangible and intangible assets

Depreciation, machinery and equipment, excluding value over the useful lives of tangible fixed assets on the basis of are separated by straight-line method. Useful lives are based on management's best estimates, are revised at each balance sheet date and the necessary corrections are made. Useful lives of each reporting period, the capacity utilization rate, economic, technological developments are taking into account the revised and forward the necessary updates are reflected to the financial statements.

Group, 1 January - 31 December 2014 year-end machinery and equipment during the period of depreciation expense related to the capacity utilization rate and taking into account the condition of machinery and equipment, depreciation rates of each accounting period by reviewing, if necessary IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" also is update the based on forward-looking the provisions.

(b) Income taxes

There are many transactions and calculations whose effects' are not definite to the ultimate tax liability during the ordinary course of business and such situations requires significant judgement in determining the provision for income taxes. The Group recognizes possible additional tax liabilities as a result of taxable situations (Note 25). Where the final tax liability that has to be recognized is different from the liability that was initially recognized, such differences will impact the income tax and deferred tax income/loss in the current period.

(c) Employment termination benefit discount rate

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. Discount rate depends on best estimates of management, reviewed in each financial period and necessary corrections are made.

The Group estimated the discount rate which has been used in calculation provision for employment termination benefit as of 31 December 2014 as 4, 32%.

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

2.6 Significant accounting estimates and assumptions (Continued)

d) Net realisable value of waste inventories

As of 31 December 2014, the Group keeps waste material composed of iron and sand which accumulated as a result of production in previous years in its inventory. The Group has started a project to extract iron from this waste and use it as a raw material in production processes. In its consolidated financial statements, the Group calculated the estimated production costs of the project as of 31 December 2014 based on the net realisable value estimate at that date, of the iron to be extracted during the project, and capitalised under inventories in the statement of financial position.

e) Value added tax carried forward

As of 31 December 2014, the Company has a total value added tax ("VAT") receivable of 23,900,245TL (31 December 2013: 10,212,019TRY) consisting of the company's investments, sales, and purchases and resulting from various VATs (Note 16).The Company shall apply to the relevant tax office in order to net the VAT receivables or receive a VAT refund for 2014 as well as for the periods immediately before and after. Therefore, in accordance with a management decision, the relevant VAT receivables were classified under current assets and fixed assets in the balance sheet.

NOTE 3 - SEGMENT REPORTING

The Group considers aluminium casting, gray cast iron and wheel division as three separate business segments and provides segmental information in accordance with the requirements of the accounting framework used.

Segment assets:

	31 December 2014	31 December 2013
Gray cast iron	481.197.891	364.051.446
High pressure	103.102.778	118.543.411
Wheel	44.671.755	41.117.349
Unallocated assets (*)	288.312.074	324.278.778
Total assets per consolidated financial statements	917.284.498	847.990.984

(*) Unallocated liabilities consist of financial investments in Kumsan to 3.727.580 TL (31 December 2013: 3.459.038 TL) and loans and interests of these loans lent to Componenta Oyj amounting to 280.855.458 TL (31 December 2013: 318.448.514 TL) as of 31 December 2014 and receivables from personnel amounting to 1.924.366 TL (31 December 2013: 1.808.669 TL) and current tax receivable amounting to 1.804.670 TL (31 Aralık 2013: 562.557 TL).

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NOTE 3 - SEGMENT REPORTING(Continued)

Segment liabilities:

	31 December 2014	31 December 2013
Gray cast iron	138.384.873	70.981.453
High pressure	16.622.906	21.034.027
Jant	20.201.448	33.178.426
Unallocated liabilities (*)	401.974.999	389.525.211
Total liabilities per consolidated financial statements	577.184.226	514.719.117

(*) Unallocated liabilities consist of bank borrowings amounting to 373.639.733 TL (31 December 2013: 360.276.729 TL), tax provisions amounting to 28.335.266 TL (31 December 2013: 25.655.599 TL). There is no provision for forward expense accrual as of 31 December 2014 (31 December 2013: 3.592.883 TL)

Segmental analysis for the period 1 January - 31 December 2014:

	1 January - 31 December 2014			
	Gray cast iron	High pressure	Wheel	Total
External revenues	519.541.414	111.949.167	128.517.339	760.007.920
Operating expenses	(489.196.623)	(104.438.136)	(114.924.869)	(708.559.628)
Operating profit	30.344.791	7.511.031	13.592.470	51.448.292
Incomes by investments operatings				7.087.463
Other operating income, net				(1.103.085)
Financial expenses, net				(28.316.334)
Share in results of associates				359.284
Profit before tax				29.475.620
Tax provision				(8.794.790)
Net profit for the period				20.680.830

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NOTE 3 - SEGMENT REPORTING(Continued)

Segmental analysis for the period 1 January - 31 December 2013:

	1 January – 31 December 2013			
	Gray cast iron	High pressure	Wheel	Total
External revenues	444.959.610	95.348.488	95.348.488	635.656.586
Operating expenses	(427.960.761)	(83.717.696)	(79.244.315)	(590.922.772)
Operating profit	16.998.849	11.630.792	16.104.173	44.733.814
Expenses by investments operatings				16.873.507
Other operating income, net				17.261.515
Financial expenses, net				(52.815.106)
Share in results of associates				378.065
Profit before tax				26.431.795
Taxation income				(11.121.010)
Net profit for the period				15.310.785

Depreciation, amortization and capital expenditures:

	1 January- 31 December 2014			
	Gray cast iron	High pressure	Wheel	Total
Depreciation and amortization	13.825.766	5.736.077	3.200.367	22.762.210
Capital expenditures	29.357.849	6.646.193	902.736	36.906.778

Depreciation, amortization and capital expenditures:

	1 January – 31 December 2013			
	Gray cast iron	High pressure	Wheel	Total
Depreciation and amortization	10.279.847	10.028.466	2.507.486	22.815.799
Capital expenditures	9.776.759	6.075.223	3.513.924	19.365.906

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NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Cash	4.003	-
Banks		
Demand deposits - EUR	28.614.546	21.426.104
Demand deposits - Foreign currency	1.802.737	5.376.556
	30.421.286	26.802.660

There is no time deposit as of 31 December 2014. (31 December 2013: No time deposit).

NOTE 5 – SHORT AND LONG TERM BORROWINGS

	31 December 2014	31 December 2013
Short term financial liabilities	134.495.461	255.440.121
Short term financial leaseings	7.489.545	5.127.499
	141.985.006	260.567.620
Short term portions from long term liabilities	8.775.511	4.792.440
Total short term liabilities	150.760.517	265.360.060
Long term financial liabilities	230.368.761	87.360.875
Long term financial leaseings	10.711.377	7.555.794
Total long term liabilities	241.080.138	94.916.669
Total financial liabilities	391.840.655	360.276.729

	31 December 2014		
	Annual average interest rate%	Amount in original	TL
Short-term bank borrowings			
Short-term borrowings			
Euro borrowings (*)	4,73	40.785.309	115.043.121
Short-term Euro factoring liabilities (**)	4,70	2.759.163	7.782.771
Short-term TL factoring liabilities (**)	15,00	11.669.568	11.669.569
			134.495.461

(*) Short-term Euro borrowings consists of working capital loan and bank borrowings obtained from Exim Bank.

(**) Short-term factoring borrowings consists of revocable factoring payables.

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NOTE 5 – SHORT AND LONG TERM BORROWINGS (Continued)

	31 December 2013		
	Annual average interest rate%	Amount in original	TL
<u>Short-term bank borrowings</u>			
TL borrowings (*)	18,00	7.572.706	7.572.706
Euro borrowings	4,85	81.409.069	239.057.731
Short-term TL cash against goods liabilities (**)	3,80	2.158.494	2.158.494
Short-term TL factoring liabilities (***)	3,90	1.905.763	5.596.272
Short-term Euro factoring liabilities (***)	10,90	1.054.917	1.054.917
			255.440.121

(*) TL borrowings consist of daily TL funds obtained for Social Security Insurance payments.

(**) Short-term borrowings against goods consists of bank borrowings obtained in context of prefinancing of imports

(***) Short-term factoring borrowings consists of revocable factoring payables.

	31 December 2014		
	Annual average interest rate%	Amount in original	TL
<u>Long-term financial liabilities</u>			
Euro borrowings	6,86	81.670.777	230.368.761
Short-term portions from long term liabilities	7,13	3.111.111	8.775.511
			239.144.272

The Group has 134.495.461 TL short term bank borrowings as of 31 December 2014. The fair value of the Group's short-term financial liabilities approximates their carrying amount. Fair value of long-term financial liabilities is 226.451.618 TL (31 December 2013: 94.239.584 TL) as of 31 December 2014. Effective interest rate is calculated as 5,69 % for fair value of financial liabilities.

	31 December 2013		
	Annual average interest rate%	Amount in original	TL
<u>Long-term financial liabilities</u>			
Euro borrowings	5,47	29.750.000	87.360.875
Short-term portions from long term liabilities	5,36	1.632.025	4.792.440
			92.153.315

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NOTE 5 – SHORT AND LONG TERM BORROWINGS (Continued)

Redemption schedules of borrowings at 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Up to 1 year	143.270.972	265.360.060
1 to 2 years	39.187.985	71.221.501
3 to 4 years	2.193.879	7.341.250
Over 4 years	188.986.897	3.670.625
	373.639.733	347.593.436

Details of Group's variable and fixed interest rate loans as of 31 December 2014 are as follows:

	31 December 2014	31 December 2013
Variable interest rate loans	335.253.713	227.534.870
Fixed interest rate loans	38.386.020	120.058.566
	373.639.733	347.593.436

Group has signed a new loan agreement with Türkiye Vakıflar Bankası T.A.O. ("Vakıfbank"), Türkiye Halk Bankası A.Ş. ("Halkbank"), Türkiye İş Bankası ("İş Bankası") and T.C. Ziraat Bankası ("Ziraat Bankası") on 13 August 2014. This loan agreement tied total loan debts amounting to 90.000.000 Euro of the Group to Vakıfbank, Halkbank, İşbank, and Ziraat Bank with a single contract and it brought important updates to guarantees subject to loan, refund, and structure of the loan. With one year non-refundable, 70.000.000 Euro portion is related to the refinancing of old loans and has maturity of 7

years. 20.000.000 Euro portion is related to working capital requirement and is intended to be used as both cash and non-cash limit.

There are financial and non-financial commitments in the loan agreement of the Group. Guarantees given for the bank loan agreement are disclosed in Note 14. There are two financial commitments to be fulfilled by the Group. These financial commitments are Debt Service Coverage Ratio and Leverage Ratio.

Debt Service Coverage Ratio, means the ratio of the amount calculated by deducting the taxes paid in connection with related calculation period from earnings before Interest, Taxes, Depreciation and Amortization to the aggregate of all due amounts which are defined within the financial indebtedness, including without limitation principal, interest, fees, expenses, commissions and the breakage cost and indemnification, which are paid, accrued or have to be paid. Debt Service Coverage Ratio shall not be less than 1.20.

Leverage ratio, means the rate of net Financial Debt, to Earnings before Interest, Taxes, Depreciation and Amortization. Leverage ratio shall not be more than 5 for 2014.

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NOTE 5 – SHORT AND LONG TERM BORROWINGS (Continued)

Long-term borrowings and short-term portion of long-term borrowings (Continued)

Group has fulfilled these financial commitments as of 31.12.2014 and has met the Debt Service Coverage Ratio and Leverage Ratio.

Except for the Permitted Encumbrances, any mortgage, pledge, assignment or any other security to be granted by the Group and their Subsidiaries and their becoming surety, guarantor in relation to their own liabilities or the liabilities of third Persons, shall be subject to the prior written consent of the Lenders.

The Borrower may distribute the first dividend provided that it shall not exceed 5% of the net profit, without prior written consent of the Lenders, however in case there is a default or an event of default, all of the first dividend amount allocated for the shares of Componenta Oyj, without being paid to the Componenta Oyj, shall be used for the mandatory repayment under the Intra-Group Loan by way of set-off, in case there is no default or event of default, at least 50 % of the First Dividend amount allocated for the shares of Componenta Oyj, without being paid to the Componenta Oyj, shall be used for the mandatory repayment under the Intra-Group Loan by way of set-off.

For the Group to distribute the second dividend other than the first dividend or to distribute the dividend advance or to make any similar payment under any name whatsoever all of the below conditions must be fulfilled:

- There shall be no default or event of default;
- Debt Service Coverage Ratio must be at least 1,35;
- Leverage shall not be more than 5 for 2014 and more than 3,5 for the following years;
- Written confirmation of the Lenders stating that the above mentions conditions have been fulfilled shall have been obtained; and at least 50% of the second dividend amount, allocated for the shares of Componenta Oyj, without being paid to the Componenta Oyj, shall have been used for the mandatory repayment under the Intra-Group Loan by way of set-off.

Componenta Oyj shall not sell, transfer, assign to any third Person or conduct any disposal by any means, the shares of Group held by the Componenta Oyj and/or its pre-emptive rights within the scope of the capital increases of the Group, any of the rights in relation to and on such shares, without prior written consent of all of the Lenders or shall not sign any agreement or document for this purpose or make agreement, give undertaking to this effect. For the avoidance of doubt, any control change in the shareholding structure of the Group as of the signing date is subject to prior written consent of all of the Lenders.

Without prior written consent of the Lenders, Componenta Oyj shall not vote for any change (increase or decrease) in the share capital of the Group or shall not conduct any proceeding intended to change the share capital of the Group.

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NOTE 5 – SHORT AND LONG TERM BORROWINGS (Continued)

Redemption schedule of leasing borrowings are as follows:

	31 December 2014			31 December 2013		
	Minimum financial leasing payment	Interest	Total liabilities	Minimum financial leasing payment	Interest	Total liabilities
Short-term portion						
2014	-	-	-	6.033.630	(906.131)	5.127.499
2015	8.573.188	(1.083.643)	7.489.545	-	-	-
Short-term portion	8.573.188	(1.083.643)	7.489.545	6.033.630	(906.131)	5.127.499
Long-term portion						
2015	-	-	-	4.732.881	(427.929)	4.304.952
2016	5.945.550	(566.224)	5.379.326	2.364.475	(148.857)	2.215.618
2017	4.339.011	(237.093)	4.101.918	1.067.122	(31.898)	1.035.224
2018	1.270.531	(40.398)	1.230.133	-	-	-
Long-term portion	11.555.092	(843.715)	10.711.377	8.164.478	(608.684)	7.555.794
	20.128.280	(1.927.358)	18.200.922	14.198.108	(1.514.815)	12.683.293

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Trade receivables:

	31 December 2014	31 December 2013
Receivables from related parties (Not 26.a.i.)	91.348.742	30.736.348
Receivables from non-related parties	39.082.773	38.622.628
- Customer accounts	38.337.338	38.189.597
- Cheques and notes	745.435	433.031
	130.431.515	69.358.976
Less: Provision for doubtful receivables	(3.143.185)	(4.319.567)
Less: Unearned credit finance income	-	(19.647)
	127.288.330	65.019.762

Aging analysis for trade receivables

As of 31 December 2014, maturities of trade receivables, for which no bad debt provision has been accounted, are as follows:

	31 December 2014	31 December 2013
Overdue receivables	63.344.561	32.381.342
0-30 days maturity	21.827.394	11.490.886
31-60 days maturity	22.272.631	15.181.051
61-90 days maturity	9.848.224	5.851.319
91-120 days maturity	9.995.520	115.164
	127.288.330	65.019.762

Days overdue	31 December 2014	31 December 2013
0-1 month	9.080.333	13.204.403
1-3 months	13.005.921	16.188.973
3 months and over	41.258.307	2.987.966
	63.344.561	32.381.342

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade receivables: (Continued)

51.750.505 TL of total overdue receivables comprises receivables from related parties. (31 December 2013: 25.686.482 TL). 3 months and over overdue receivables amounting to 37.494.461 TL consist of receivables from group companies. Provision has been allocated by considering the historical experience of Group in collection of trade receivables. Therefore, Group management believes that any additional bad debt risk except allocated doubtful receivables has involved. A significant portion of bad debt belongs to customers who have fallen in financial difficulty unexpectedly. As of 31 December 2014 and 2013 analysis of credit risk is disclosed in Note 27.

Guarantee letters taken from the customers related with trade receivables are amounting to 3.857.160 TL (31 December 2013: 4.121.398 TL).

Movements of doubtful trade receivables for the year ended 31 December 2014 and 2013 are summarized below:

	2014	2013
1 January	4.319.567	3.772.911
Terminated provisions	(937.805)	-
Foreign exchange difference	(238.577)	546.656
31 December	3.143.185	4.319.567

On average, credit terms for trade receivables vary between 1 and 4 months (31 December 2013: 1-3 month). The annual effective interest rates applied to trade receivables denominated in Euro, TL, USD, and GBP as disclosed in Note 27, are 0,8%, 8,30%, 0,26% and 0,56% respectively (31 December 2013: per annum 0,5%, 9,36%, 0,17% and 0,42%).

Trade payables:

	31 December 2014	31 December 2013
Payables to-related parties (NotE 26.b)	4.181.985	1.768.774
Payables to non-related parties	104.040.685	77.684.909
Trade payable	103.543.473	77.427.459
Notes payable	497.212	257.450
	108.222.670	79.453.683
Less: Unearned credit finance expense	(502.294)	(6.787)
	107.720.376	79.446.896

On average, credit terms for trade payables vary between 1 and 2 months (31 December 2013: between 1 and 2 months). The annual effective interest rates applied to trade payables denominated in Euro, TL, USD and GBP as disclosed in Note 27, are 0,04%, 8,41%, 0,22%, and 0,53% respectively (31 December 2013: per annum 0,65%, 13,63%, 0,67%, and 0,78%).

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Short-term other receivables:

	31 December 2014	31 December 2013
Financial receivables from related parties-Componenta Oyj (*) (Note 26)	69.302.957	307.874.401
Receivables from personnel (Note 26)	1.924.367	1.808.669
Guarantees and deposits given	335.218	433.031
	71.562.542	310.116.101

Long-term other receivables:

	31 December 2014	31 December 2013
Other receivables from related parties-Componenta Oyj (*) (Note 26)	211.552.500	10.574.113
	211.552.500	10.574.113

(*) The aforementioned amount consists of loans lended to Componenta Oyj amounting to 80.000.000 Euro and allocated by Componenta UK Limited amounting to 14.700.048 GBP, total loan amount is 271.527.477 TL and their accruals amounting to 9.327.980 TL as of 31 December 2014. (The aforementioned amount consists of loans lended to Componenta Oyj amounting to 89.358.799 Euro and allocated by Componenta UK Limited amounting to 14.708.873 GBP, total loan amount is 314.050.850 TL and their accruals amounting to 4.397.664 TL as of 31 December 2013).

The maturity of loan lended to Componenta Oyj amounting to 80.000.000 Euro are: 5.000.000 Euro of it is 30 June 2015, 10.000.000 Euro of it is 30 June 2016, 10.000.000 Euro of it is 30 June 2017 and 15.000.000 Euro of it is 30 June 2018. Rest of the amount 40.000.000 Euro will be paid after 30 June 2018.

The Group has determined interest rate of loans lended to Componenta Oyj by adding 10% margin on interest rates of loans, for the period of getting loans, as a base. Annual effective interest rate of the loans lended to Componenta Oyj is 8% for Euro and 5,5% for GBP (31 December 2013: Annual effective interest rate of the loans lended to Componenta Oyj is 6,14% for Euro and 5,5% for GBP).

Other payables:

	31 December 2014	31 December 2013
Factoring payables	1.127.451	1.221.094
Related parties payables	23.653	23.653
	1.151.104	1.244.747

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NOTE 8 - INVENTORIES

	31 December 2014	31 December 2013
Raw materials	43.690.318	33.341.904
Work-in-progress	8.943.089	7.861.391
Finished goods	38.162.943	30.515.892
Other (*)	8.006.745	6.926.341
	98.803.095	78.645.528
Less: Provision for net realisable value of inventories	(863.875)	(100.481)
	97.939.220	78.545.047

(*) Other inventories consist of models and moulds produced on order.

Movements of provision for diminution in value of inventories as of 31 December 2014 and 2013 are as follows:

	2014	2013
1 January	100.481	241.241
Utilized during the period	-	(241.241)
Foreign currency translation differences	(3.962)	66.335
Provision for diminution in value of inventories during the period	767.356	34.146
31 December	863.875	100.481

For the period from 1 January to 31 December 2014, a portion amounting to 261.548.211 TL of the cost of goods sold is related to raw material and supplies usage (1 January - 31 December 2013: 250.620.572 TL).

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NOTE 9 – PREPAID EXPENSES

Short Term Prepaid Expenses

	31 December 2014	31 December 2013
Short term prepaid expenses	2.873.521	1.371.549
Deferred finance expenses (*)	795.192	-
Other	1.445.918	998.344
	5.114.631	2.369.893

Long Term Prepaid Expenses

	31 December 2014	31 December 2013
Long Term Prepaid Expenses	8.150.888	4.223.154
Deferred finance expenses (*)	4.485.610	-
	12.636.498	4.223.154

(*) The long term prepaid expenses consist of comission paid ,lawyer expenses of loan amounting to 90.000.000 Euro in Note 5 and other expenses which are reflected to Componenta Oyj.

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NOTE 10 - INVESTMENTS VALUED AT EQUITY METHOD

Investments in associates:

	31 December 2014		31 December 2013	
	Associate share %	amount	Associate share %	amount
Kumsan	25,10	3.727.580	25,10	3.459.038
			2014	2013
1 January- Investments in associates			3.459.038	3.186.441
Profit from investments valued at equity method			359.284	378.065
Foreign currency translation differences			(382)	(48)
Dividend received			(90.360)	(105.420)
31 December - Investments in associates			3.727.580	3.459.038

Condensed information related with the financial statements of Kumsan is as follows:

	31 December 2014		31 December 2013	
	Total assets	Total liabilities	Total assets	Total liabilities
Kumsan	16.596.713	1.745.796	15.300.155	1.519.126
	1 January - 31 December 2014		1 January - 31 December 2013	
	Sales income	Net income	Sales income	Net income
Kumsan	13.295.876	1.431.410	10.108.731	1.098.479

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NOTE 11 – TANGIBLE ASSETS

	Lands	Buildings and land improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
1 January 2014							
Cost/ revalued amount	80.193.105	99.229.070	531.957.721	22.858.100	921.552	16.405.183	751.564.731
Accumulated depreciation	-	(45.844.682)	(373.047.853)	(15.865.052)	(887.678)	-	(435.645.265)
Net book value	80.193.105	53.384.388	158.909.868	6.993.048	33.874	16.405.183	315.919.466
For the period ended at 31 December 2014							
Opening net book value	80.193.105	53.384.388	158.909.868	6.993.048	33.874	16.405.183	315.919.466
Additions	-	282.753	29.352.778	1.586.325	-	5.649.418	36.871.274
Foreign currency translation differences	(3.162.391)	(2.030.031)	(6.642.416)	(295.827)	(926)	(810.690)	(12.942.281)
Disposals	-	-	(21.265.645)	(43.167)	-	-	(21.308.812)
Depreciation charge	-	(2.875.905)	(16.386.245)	(894.340)	(14.150)	-	(20.170.640)
Disposals from accumulated depreciation	-	-	-	15.338.594	43.167	-	-
Closing net book value	77.030.714	48.761.205	159.306.934	7.389.206	18.798	21.243.911	313.750.768
31 December 2014							
Cost/ revalued amount	77.030.714	97.481.792	533.402.438	24.105.431	920.626	21.243.911	754.184.912
Accumulated depreciation	-	(48.720.587)	(374.095.504)	(16.716.225)	(901.828)	-	(440.434.144)
Net book value	77.030.714	48.761.205	159.306.934	7.389.206	18.798	21.243.911	313.750.768

20.048.772 TL (2013: 21.109.262 TL) of the current period depreciation and amortisation expenses have been reflected to costs of goods sold and 2.713.438 TL (2013: 746.778 TL) to operating expenses.

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NOTE 11 - TANGIBLE ASSETS (Continued)

	Lands	Buildings and land improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
1 January 2013							
Cost/ revalued amount	64.222.757	86.602.649	506.277.789	16.437.419	913.508	11.151.725	685.605.847
Accumulated depreciation	-	(43.525.623)	(376.268.361)	(14.011.621)	(898.773)	-	(434.704.378)
Net book value	64.222.757	43.077.026	130.009.428	2.425.798	14.735	11.151.725	250.901.469
For the period ended at 31 December 2013							
Opening net book value	64.222.757	43.077.026	130.009.428	2.425.798	14.735	11.151.725	250.901.469
Additions	-	2.089.597	3.874.348	5.901.736	41.027	5.377.096	17.283.804
Foreign currency translation differences	15.970.348	10.712.015	37.443.860	603.226	3.664	2.773.113	67.506.226
Disposals	-	(175.191)	(15.638.276)	(84.281)	(36.647)	(2.896.751)	(18.831.146)
Depreciation charge	-	(2.394.957)	(14.761.970)	(1.937.712)	(8.807)	-	(19.103.446)
Disposals from accumulated depreciation	-	-	75.898	17.982.478	84.281	19.902	-
Closing net book value	80.193.105	53.384.388	158.909.868	6.993.048	33.874	16.405.183	315.919.466
31 December 2013							
Cost/ revalued amount	80.193.105	99.229.070	531.957.721	22.858.100	921.552	16.405.183	751.564.731
Accumulated depreciation	-	(45.844.682)	(373.047.853)	(15.865.052)	(887.678)	-	(435.645.265)
Net book value	80.193.105	53.384.388	158.909.868	6.993.048	33.874	16.405.183	315.919.466

18.162.5

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NOTE 12 – INTANGIBLE ASSETS

	1 January 2014	Addition	Disposals	31 December 2014
<u>Cost</u>				
Rights	17.650.133	35.505	(697.057)	16.988.581
<u>Accumulated amortization</u>				
Rights	(5.036.610)	(2.591.571)	273.738	(7.354.443)
Net book value	12.613.523			9.634.138
	1 December 2013	Addition	Disposals	31 December 2013
<u>Cost</u>				
Rights	13.568.104	2.082.102	1.999.927	17.650.133
<u>Accumulated amortization</u>				
Rights	(2.340.806)	(2.752.594)	56.790	(5.036.610)
Net book value	11.227.298			12.613.523

NOTE 13 - GOODWILL

Goodwill is amounting to 2.989.519 TL as of 31 December 2014 (2013: 2.919.110 TL). Goodwill has arisen due to the acquisition of Componenta UK shares in 2006.

	2014	2013
1 January	2.919.110	2.386.564
Foreign currency translation difference	70.409	532.546
31 December	2.989.519	2.919.110

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NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions:

	31 December 2014	31 December 2013
Provisions for litigation (*)	3.333.022	4.592.489
Holiday pay provision	873.178	550.374
Provisions for tax penalty	-	353.149
	4.206.200	5.496.012

(*) There are lawsuits filed against the Group due to work accidents. The group management has made employers' liability insurance in relation to these work accidents and the related provisions are reflected to consolidated financial statements by deducting the compensable amount of insurance from estimated payments as of 31 December 2014 and 2013.

Movements in the provisions as of 31 December 2014 are as follows:

	1 January 2014	Additions	Foreign currency difference	Unutilized portion/ utilization	31 December 2014
Provisions for litigation	4.592.489	-	-	(1.259.467)	3.333.022
Holiday pay provision	550.374	322.804	-	-	873.178
Provisions for tax penalty	353.149	-	-	(353.149)	-
Total	5.496.012	322.804	-	(1.612.616)	4.206.200

	1 January 2013	Additions	currency difference	portion/ utilization	31 December 2013
Provisions for litigation	4.603.428	-	-	(10.939)	4.592.489
Holiday pay provision	728.381	-	-	(178.004)	550.374
Provisions for tax penalty	707.074	-	-	(353.925)	353.149
Total	6.038.883	-	-	(542.868)	5.496.012

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NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

b) Mortgages And Guarantee Letters Given By The Group:

As of 31 December 2014 and 2013 guarantees, pledges and mortgages (GPMs) given by the Group are as follows:

	Total TL Equivalent	31 December 2014		
		Original Currency TL	Original Currency USD	Original Currency EUR
A. GPMs given on behalf of the Company's legal personality	1.000.889.394	620.094.894	None	135.000.000
B. GPMs given in favour of subsidiaries included in full consolidation	None	None	None	None
C. GPMs given by the Company for the liabilities of third parties in order to run ordinary course of business	None	None	None	None
D. Other GPMs				
i. GPMs given in favour of parent company	None	None	None	None
ii. GPMs given in favour of group companies not in the scope of B and C above.	None	None	None	None
iii GPMs given in favour of third-party companies not in the scope of C above.	None	None	None	None
Total GPMs	1.000.889.394	620.094.894	None	135.000.000
Other GPMS	None	None	None	None

Ratio of other GPMs given by Group to Group's equity is 7% as of 31 December 2014 (31 December 2013: Zero).

As of 31 December 2014, lender banks have first degree and first ranking mortgage in the amount of 135.000.000 Euro and second degree and first ranking mortgage in the amount of 200.000.000 TL, pursuant to the participation ratio on all of the fixed assets of Group. Other than that, same banks have first degree and first ranking mortgage in the amount of 400.000.000 TL on portable business facilities, trade name, company name, patent rights, brands, models, paintings, licences and every kind of accessories, fixtures, essential part, syllabus and details without recourse, jointly and pursuant to the participation ratio.

Letters of guarantees given which is amount to 20.094.894 TL are composed of guarantees given to Custom Undersecretariat, custom offices, chamber of commerce, tax authorities, electricity and natural gas suppliers, raw material suppliers and law courts related with ongoing legal cases.

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NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

b) Mortgages And Guarantee Letters Given By The Group: (Continued)

As of 31 December 2013 guarantees, pledges and mortgages (GPMs) given by the Group are as follows:

	31 December 2013			
	Total TL Equivalent	Original Currency TL	Original Currency USD	Original Currency EUR
A. GPMs given on behalf of the Company's legal personality	9.215.120	9.215.120	None	None
B. GPMs given in favour of subsidiaries included in full consolidation	None	None	None	None
C. GPMs given by the Company for the liabilities of third parties in order to run ordinary course of business	None	None	None	None
D. Other GPMs				
i. GPMs given in favour of parent company	None	None	None	None
ii. GPMs given in favour of group companies not in the scope of B and C above.	None	None	None	None
iii. GPMs given in favour of third-party companies not in the scope of C above.	None	None	None	None
Total GPMs	9.215.120	9.215.120	None	None
Other GPMS	None	None	None	None

c) Guarantees Obtained:

	31 December 2014	31 December 2013
Guarantee cheques and notes obtained	10.174.798	4.966.884
Guarantee letters obtained	3.857.160	4.170.701
Guarantees Obtained	14.031.958	9.137.585

Letters of guarantees taken consists of guarantees received from customers, suppliers and subcontractors.

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NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

d) Contingent assets

The Group's operations between January 2007 and June 2010 from the perspective of stamp duty and corporate tax and stamp duty of corporate tax income tax and valued added tax withholding were analysed and TL amounting to 4.356.553 a corporate tax, value-added tax, withholding stamp duty, income tax withholding and stamp duty assessments were applied. Group has paid a detail which is represented in provisions notes, through reservation at the date of 12 August 2013, demanded cancellation of substantially payment and claimed a stay of execution. If Group wins the case, penalty amounting to 4.356.553 which paid at the date of 12 August 2013 will be collected.

NOTE 15 - BENEFITS TO PERSONNEL

Benefits to personnel

	31 December 2014	31 December 2013
Personnel income and stamp tax payable	4.718.123	2.123.088
Payables to personnel	4.070.879	2.748.995
Social security payables	3.080.162	2.225.581
	11.869.164	7.097.664

Long term benefits to personnel

	31 December 2014	31 December 2013
Provision for employment termination benefits	25.269.994	22.600.537
	25.269.994	22.600.537

Provision for employment termination benefit is accounted according to the following disclosures:

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of 3.438 TL for each year of service as of 31 December 2014 (31 December 2013: 3.254 TL). The liability is not funded, as there is no funding requirement.

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NOTE 15 - BENEFITS TO PERSONNEL (Continued)

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The following actuarial assumptions were used in the calculation of the total liability:

	31 December 2014	31 December 2013
Annual discount rate (%)	4,32	4,06
Turnover rate to estimate the probability of retirement (%)	95	95

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the liability cap for each year of service is adjusted once in every six months the maximum amount of 3.541 TL, which is effective from 1 January 2014 (1 January 2013: 3.438 TL), has been considered in the calculation.

	2014	2013
1 January	22.600.537	17.242.049
Interest expense	2.266.250	1.777.075
Increase during the year	1.908.057	1.534.687
Actuarial (gain)/loss	2.647.853	4.882.818
Payments during the year	(4.152.703)	(2.836.092)
31 December	25.269.994	22.600.537

NOTE 16 - OTHER ASSET AND LIABILITIES

Other current assets:	31 December 2014	31 December 2013
Other value added tax ("VAT") receivables	13.566.710	2.155.810
Value Added Tax ("VAT") receivables	333.535	8.056.209
Other	4.962.571	4.654.541
	18.862.816	14.866.560

Other non-current assets:	31 December 2014	31 December 2013
Long-Term Value Added Tax ("VAT") receivables	10.000.000	-
	10.000.000	-

(*) Group has estimated that long-term value added tax receivable will be collected /offset in more than a year. Therefore, long-term value added tax receivable has been shown in other non-current assets as of 31 December 2014.

Other non-current liabilities:	31 December 2014	31 December 2013
Expense accruals	4.754.304	7.188.497
Deferred income	1.665.214	823.322
Other	371.949	1.296.231
	6.791.467	9.308.050

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NOTE 17- SHAREHOLDERS' EQUITY

The Company applied registered capital system which is recognized by BIST registered companies. The company identified share capital amounting to 250.000.000 TL for registered shares with a nominal value of 0,01 TL. The composition of the Company's statutory paid-in capital at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014		31 December 2013	
Registered Capital (with historical value)		250.000.000		250.000.000
Approved by nominal value paid-in capital		66.844.800		66.844.800
	31 December 2014	Shareholding percentage (%)	31 December 2013	Shareholding percentage (%)
Componenta	62.543.860	93,57	62.543.860	93,57
Held by public	4.300.940	6,43	4.300.940	6,43
Total paid-in-capital	66.844.800	100,00	66.844.800	100,00

The Company has 66.844.800.000 shares (31 December 2013: 66.844.800.000 shares) each with the nominal value of Kr 0.1 as of 31 December 2014. The Company has no privileged shares.

Adjustment to share capital represents the inflation restatement effect of the cash contributions to share capital.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

In accordance with Capital Market Board Financial Reporting Standards, above-mentioned amounts should be classified under "Restricted Reserves". "Restricted Reserves" amount to 12.188.190 TL as of 31 December 2014 (31 December 2013: 12.136.306 TL).

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NOTE 17- SHAREHOLDERS' EQUITY(Continued)

Dividend Distribution:

The Companies whose shares are listed in ISE are subject to the following dividend requirement introduced by the CMB:

In accordance with Article 19 of Capital Markets Law No. 6362 which came into effect on 30 December 2012 and CMB Communiqué on Dividend No. II-19.1 which came into effect as of 1 February 2014, publicly held corporations distribute dividends within the frameworks of the dividend distribution policies determined by their general assemblies and relevant legislation provisions. The assembly may determine different principles based on similar corporations for profit distribution policies of publicly held corporations. If the legal reserves to be allocated in accordance with the TCC and the dividend determined for the shareholders in the articles of association or the dividend distribution policies are not allocated, a decision to allocate other legal reserves, transfer the profit to the next year, and distribute the dividend to people other than the owners of dividend shares, board members and employees of the corporation, and shareholders, cannot be made. Moreover, if the rate of the dividend determined for the shareholders is not paid in cash, no dividend shall be distributed to these people.

In publicly held corporations 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.

In line with the effective regulations, upon the decision of the general assembly corporations distribute dividends according to the dividend distribution policy determined by their general assemblies and the provisions of relevant legislation. The said regulations do not specify a minimum dividend amount. Corporations make dividend payments according to the provisions of their articles of association or dividend distribution policies. In addition, corporations may pay dividends in instalments of equal or different amounts and may distribute dividend advances in cash for the profits shown in their interim period financial statements.

Conditions have been added to dividend distribution with loan agreement which was signed on 13 August 2014 (Note 5).

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NOTE 18 - REVENUE

	1 January - 31 December 2014	1 January - 31 December 2013
Export sales	593.465.046	480.868.204
Domestic sales	168.229.358	160.163.125
Other sales	17.861.698	16.043.379
Sales revenue (gross)	779.556.102	657.074.708
Less: Discounts and returns	(19.548.182)	(21.418.122)
Sales revenue (net)	760.007.920	635.656.586
Cost of sales	(601.150.763)	(499.410.008)
Gross operating income	158.857.157	136.246.578

**NOTE 19 - RESEARCH AND DEVELOPMENT EXPENSES; MARKETING, SALES AND
DISTRIBUTION EXPENSES; GENERAL ADMINISTRATIVE EXPENSES**

Marketing Expenses:

	1 January - 31 December 2014	1 January - 31 December 2013
Insurance premiums related to freight and customs procedures	(28.990.440)	(19.122.074)
Packaging	(12.622.373)	(13.464.623)
License fees	(10.678.804)	(9.015.090)
Transportation	(3.210.492)	(3.243.292)
Warehousing	(3.034.553)	(2.077.673)
Personnel	(911.198)	(2.481.835)
Sales commissions	(161.745)	(112.623)
Other	(549.498)	(480.581)
	(60.159.103)	(49.997.791)

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**NOTE 19 - RESEARCH AND DEVELOPMENT EXPENSES; MARKETING, SALES AND
DISTRIBUTION EXPENSES; GENERAL ADMINISTRATIVE EXPENSES
(Continued)**

General administrative expenses:

	1 January - 31 December 2014	1 January- 31 December 2013
Service charges by parent company	(18.439.010)	(15.144.819)
Personnel	(11.989.730)	(12.769.256)
Depreciation and amortization	(2.713.438)	(746.778)
Taxes and stamp duty	(1.737.162)	(1.239.293)
Auditing and legal counseling expenses	(1.552.916)	(1.742.802)
Subcontractor expenses	(1.298.553)	(1.271.701)
Subscriptions	(692.978)	(410.866)
Repair, maintenance and cleaning	(411.652)	(482.567)
Travel	(201.592)	(182.724)
Notification payments	(63.230)	(20.850)
Public holiday pay provision	(63.173)	(61.096)
Other	(4.877.921)	(4.971.808)
	(44.041.355)	(39.044.560)

Research and development expenses:

	1 January - 31 December 2014	1 January- 31 December 2013
Personnel	(2.758.857)	(2.249.195)
Research and development project expenses	(238.835)	(168.305)
Other	(210.715)	(52.913)
	(3.208.407)	(2.470.413)

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NOTE 20 - EXPENSES BY TYPE

	1 January - 31 December 2014	1 January- 31 December 2013
Raw material and supplies	261.548.211	239.620.572
Personnel	157.516.992	129.559.206
General production expenses	86.019.518	56.763.793
Energy	75.642.221	59.410.714
Transportation, commission and insurance expenses	32.200.932	22.365.365
Scrap expenses	24.965.130	18.186.702
Depreciation and amortization	22.762.210	21.856.040
Service charges by parent company	18.439.010	15.144.819
Packaging	12.622.373	13.464.623
License fee	10.678.804	9.015.090
Warehousing	3.034.553	2.077.673
Other	3.129.674	3.458.175
	708.559.628	590.922.772

NOTE 21 - OTHER INCOME/EXPENSES

Other operating income:

	1 January - 31 December 2014	1 January 31 December 2013
Other operating interest and foreign exchange income	29.937.593	31.362.117
Service charges to parent company (*)	1.627.321	319.262
Insurance damage incomes	935.989	667.884
Other	923.459	677.371
	33.424.362	33.026.634

(*) Aforementioned amount represents services provided by the Group employees' to Componenta Oyj.

Other operating expense:

	1 January - 31 December 2014	1 January- 31 December 2013
Other operating interest and foreign exchange loss	(31.279.579)	(7.341.948)
Rework expenses	(2.898.519)	(2.968.505)
Tax penalty expense	(349.349)	(5.454.666)
	(34.527.447)	(15.765.119)

(*) The Group's operations between January 2007 and June 2010 from the perspective of stamp duty and corporate tax and stamp duty of corporate tax income tax and valued added tax withholding were analysed and TL amounting to 4.356.553 a corporate tax, value-added tax, withholding stamp duty, income tax withholding and stamp duty assessments were applied. Group has paid details which is represented in provisions notes, through reservation at the date of 12 August 2013, demanded cancellation of substantially payment and claimed a stay of execution. If Group wins the case, penalty amounting to 4.356.555 TL which paid at the date of 12 August 2013 will be collected.

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NOTE 22 – LOSS AND PROFIT FROM INVESTING ACTIVITIES

Investing Income:

	1 January - 31 December 2014	1 January - 31 December 2013
Interest income	6.553.643	15.570.667
Other	533.820	1.302.840
	7.087.463	16.873.507

NOTE 23 - FINANCIAL INCOME

	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange gain	41.073.091	2.425.092
Interest income	3.697.038	2.376.607
	44.770.129	4.801.699

NOTE 24 - FINANCIAL EXPENSE

	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange losses	(29.802.298)	(14.003.004)
Interest expenses	(19.667.743)	(15.380.165)
Factoring expenses	(16.494.500)	(12.614.452)
Employee termination interest expense	(2.266.250)	(1.777.075)
Forward foreign exchange purchase transaction	(1.099.387)	(10.321.329)
Finance leasing interest expenses	(956.561)	(1.006.373)
Other	(2.799.724)	(2.514.407)
	(73.086.463)	(57.616.805)

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**NOTE 25 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS
AND LIABILITIES)**

	31 December 2014	31 December 2013
Corporate taxes payable	4.407.039	5.990.538
Prepaid taxes	(6.211.709)	(6.553.095)
Tax provision/(Prepaid tax)	(1.804.670)	(562.557)

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on an individual-entity basis.

Corporate tax rate for the fiscal year 2014 is 20%. (2013: 20%). Corporate tax rate for the subsidiary of the Group in England is 24% (2013: 24%).

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income and declare by the 14th of the second month following the quarter. (31 December 2013: 20%). Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses can not be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until 25th of the fourth month following the end of the financial year to which they relate. Tax returns are open for 5 years starting from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Taxation expenses recognized in the consolidated statements of income for the periods ended 31 December 2014 and 2013 are as follows:

	1 January - 31 December 2014	1 January 31 December 2013
- Current period tax charge	(4.407.039)	(5.990.538)
- Deferred tax expense	(4.387.751)	(5.130.472)
Total taxation expense	(8.794.790)	(11.121.010)

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

Deferred income taxes:

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between tax bases of assets and liabilities and their carrying values in the consolidated financial statements, using the currently enacted tax rates. The tax rate applied to temporary differences is 20% (31 December 2013: 20%). The tax rate applied to the Group's subsidiary in United Kingdom is 24% (31 December 2013: 24%).

The composition of cumulative temporary differences and the related deferred tax assets and liabilities calculated using the enacted tax rates at 31 December 2014 and 31 December 2013, were as follows:

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Net difference between the tax base and the carrying value of property, plant and equipment and intangibles	105.622.133	118.626.781	(21.124.427)	(23.725.356)
Revaluation fund for land improvements and buildings	24.641.297	25.680.530	(4.928.259)	(5.136.106)
Revaluation fund for land	76.448.067	79.600.640	(3.822.403)	(3.980.032)
Net difference between the tax base and carrying value of inventories	18.006.066	9.844.188	(3.601.213)	(1.968.838)
Provision for employment termination benefits and notification payments (Note 15)	(25.269.994)	(22.600.537)	5.053.999	4.520.107
Legal provisions	(3.026.766)	(2.987.157)	605.353	597.431
Provision for doubtful receivables	(2.515.570)	(4.349.194)	503.114	869.839
Timing differences in recognition of revenue	(1.845.430)	(4.257.565)	369.086	851.513
Financial expense provision	-	(3.807.854)	-	761.571
Other	6.952.581	(7.771.357)	(1.390.516)	1.554.272
Deferred tax liabilities - net			(28.335.266)	(25.655.599)

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

Movements of deferred tax liability can be analyzed as follows:

	2014	2013
1 January	(25.655.599)	(16.555.025)
Current period deferred tax income	(4.387.751)	(5.130.472)
Charged to equity	(563.761)	(840.589)
Foreign currency translation differences	2.271.845	(3.129.513)
31 December	(28.335.266)	(25.655.599)

The reconciliation of the taxation on income in the consolidated statement of income for the periods ended 31 December 2014 and the taxation on income calculated with the current tax rate over income from continuing operations before tax is as follows:

	2014	2013
Net income before tax	29.475.620	26.431.795
Effective tax rate	20%	20%
Provision for corporate tax calculated by effective tax rate	(5.895.124)	(5.286.359)
Effect of tax rate difference between England and Turkey	110.756	25.678
Effect of share in associates	(105.914)	(21.573)
Effect of disallowable expenses	-	(74)
Effect of discounts	(779.643)	(356.601)
Foreign currency translation differences	(2.410.912)	(5.150.928)
Other	507.559	(279.797)
Tax provision	(8.794.790)	(11.121.010)

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NOTE 26 - RELATED PARTY DISCLOSURES

Amounts due from and due to related parties at the end of the period and transactions with the related parties during the period are summarized below:

a) Due from related parties:

i. Trade receivables:

	31 December 2014	31 December 2013
Componenta Främmostad AB	68.163.856	23.767.449
Componenta Finland Oy Högfors	10.318.845	3.027.806
Componenta B.V.	7.128.121	2.192.517
Componenta.B.V.Weert Machine Shops	4.998.501	1.578.776
Componenta Oyj	734.450	169.546
Other	4.969	254
	91.348.742	30.736.348

(*) Interest accrual is calculated by the Group for trade receivables in the rate of 12,5% annually and interest accrual amounting to 1.216.881 TL was recognized in the consolidated financial statements in 31 December 2014.

ii. Short-term other receivables:

	31 December 2014	31 December 2013
Financial receivables-Componenta Oyj (Note 7)	69.302.957	307.874.401
Due from personnel	1.924.367	1.808.669
	71.227.324	309.683.070

iii. Long-term other receivables:

	31 December 2014	31 December 2013
Financial receivables-Componenta (*) (Note 7)	211.552.500	10.574.113
	211.552.500	10.574.113

(*) The aforementioned amount consists of loans lend to Componenta Oyj amounting to 80.000.000 Euro and allocated by Componenta UK Limited amounting to 14.700.048 GBP, total loan amount is 271.527.477 TL and their accruals amounting to 9.327.980 TL as of 31 December 2014. (The aforementioned amount consists of loans lend to Componenta Oyj amounting to 89.358.799 Euro and allocated by Componenta UK Limited amounting to 14.708.873 GBP, total loan amount is 314.050.850 TL and their accruals amounting to 4.397.664 TL as of 31 December 2013).

The maturity of loan lend to Componenta Oyj amounting to 80.000.000 Euro are: 5.000.000 Euro of it is 30 June 2015, 10.000.000 Euro of it is 30 June 2016, 10.000.000 Euro of it is 30 June 2017 and 15.000.000 Euro of it is 30 June 2018. Rest of the amount 40.000.000 Euro will be paid after 30 June 2018.

The Group has determined interest rate of loans lend to Componenta Oyj by adding 10% margin on interest rates of loans, for the period of getting loans, as a base. Annual effective interest rate of the loans lend to Componenta Oyj is 8% for Euro and 5,5% for GBP (31 December 2013: Annual effective interest rate of the loans lend to Componenta Oyj is 6,14% for Euro and 5,5% for GBP).

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NOTE 26 - RELATED PARTY DISCLOSURES (Continued)

b) Trade payables to related parties:

	31 December 2014	31 December 2013
Componenta Pietarsaari	2.838.919	43.035
Componenta B.V.	910.829	117.622
Kumsan	289.831	497.005
Componenta Finland Oy Högfors	15.634	7.422
Componenta Oyj	14.776	1.103.143
Componenta Främmestad AB	-	547
Other	111.996	-
	4.181.985	1.768.774

c) Short-term other payables to related parties:

	31 December 2014	31 December 2013
Due to shareholders	23.653	23.653
	23.653	23.653

d) Sales to related parties:

Detailed breakdown of sales to related parties for the period between 1 January – 31 December 2014 are as follows:

	Trade goods	Model	Service of management	Total
Componenta Främmestad AB	82.082.736	457.845	-	82.540.581
Componenta Finland Oy Högfors	9.044.650	-	-	9.044.650
Componenta B.V.	4.907.151	-	-	4.907.151
Comp.B.V.Weert Machine Shops	2.830.413	776.792	-	3.607.205
Componenta Oyj	-	-	615.128	615.128
	98.864.950	1.234.637	615.128	100.714.715

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NOTE 26 - RELATED PARTY DISCLOSURES (Continued)

Detailed breakdown of sales to related parties for the period between 1 January - 31 December 2013 are as follows:

	Trade goods	Model	Service of management	Total
Componenta Främmestad AB	35.911.224	1.526.270	-	37.437.494
Componenta B.V.	1.122.404	1.063.376	-	2.185.780
Comp.B.V.Weert Machine Shops	86.855	44.985	-	131.840
Componenta Oyj	-	-	246.250	246.250
	37.120.483	2.634.631	246.250	40.001.364

e) Goods and services received:

Detailed breakdown of purchases from related parties for the period between 1 January - 31 December 2014 are as follows:

	Cost of license	Service of management	Other	Total
Componenta Oyj	8.637.434	19.979.505	-	28.616.939
Kumsan A.Ş.	-	-	1.276.687	1.276.687
Componenta B.V.	-	-	1.165.828	1.165.828
Componenta Pietarsaari	-	-	393.685	393.685
Componenta Karkkila	-	-	182.644	182.644
Componenta Främmestad AB	-	-	13.250	13.250
	8.637.434	19.979.505	3.032.094	31.649.033

Detailed breakdown of purchases from related parties for the period between 1 January - 31 December 2013 are as follows:

	Cost of license	Service of management	Other	Total
Componenta Oyj	7.413.148	15.178.884	-	22.592.032
Componenta B.V.	1.637.845	-	839.506	2.477.351
Componenta Pietarsaari	526.739	-	214.472	741.211
Componenta Karkkila	652.219	-	-	652.219
	10.229.951	15.178.884	1.053.978	26.462.813

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NOTE 26 - RELATED PARTY DISCLOSURES (Continued)

f) Financial income:

	1 January- 31 December 2014	1 January- 31 December 2013
Componenta Oyj	16.054.848	15.482.765
Interest obtained from personnel	154.329	87.902
Divident income	359.284	105.420
	16.568.461	15.676.087

g) Remunerations to key management personnel:

Key management personnel include general manager and directors and remunerations provided to key management personnel are as follows:

	1 January- 31 December 2014	1 January- 31 Demeber 2013
Short-term benefits	2.966.854	2.237.762
Other long-term benefits	227.123	210.018
Total	3.193.977	2.447.780

NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks; these risks are market risk including the effects of changes in debt and equity market prices, foreign currency exchange rates, fair value interest rate risk and cash flow interest rate risk, credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

a) Interest-rate risk

The Group makes investments to short term financial instruments in order to manage the risk with natural hedging by compensating the terms of interest rate sensitive assets and liabilities.

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**NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL
INSTRUMENTS (Continued)**

Interest-risk of the Group is derived from financial liabilities which have short and long term maturity:

	31 December 2014	31 December 2013
Financial instruments with fixed interest rate		
Financial assets	30.421.286	26.802.660
Financial liabilities	82.648.288	350.700.936
Financial instruments with variable interest rate		
Financial assets	280.855.457	262.402.112
Financial liabilities	309.192.367	12.683.293

Loans with variable interest rates which are classified as financial liabilities in Group's balance sheet are exposed to interest-rate risk due to interest rate changes in market. At 31 December 2014, if Euro and TL denominated interest rates became %1 higher/ lower with all other variables held constant, profit before tax would be lower/ higher by TL 4.769.282 (31 December 2013: TL 2.497.379).

b) Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. Credit risk of the Company mainly arises from trade receivables and trade receivables consist of domestic and foreign receivables. In case of any collection problem with customers, the Group reduces the credit risk by limiting transactions with related customers. Analysis of credit risk exposed by types of financial instruments as at 31 December 2014 and 2013 is as follows:

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**NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL
INSTRUMENTS (Continued)**

b) Credit Risk (Continued)

31 December 2014	Receivables				Bank Deposits
	Trade Receivables		Other Receivables		
	Related Parties	Other Parties	Related Parties	Other Parties	
Maximum credit risk as of reporting date (*) (A+B+C+D+E)	91.348.742	35.939.588	282.779.824	335.218	30.417.283
Guaranteed portion of the maximum risk	-	3.857.160	-	-	-
A. Net book value of the assets that are not due or that are not impaired	39.598.237	24.345.532	282.779.824	335.218	30.417.283
B. Value of the financial assets whose terms have been renegotiated, otherwise considered as overdue or impaired	-	-	-	-	-
C. Book value of the overdue but not impaired assets (Note 6)	51.750.505	11.594.056	-	-	-
- Guaranteed portion	-	-	-	-	-
D. Net book value of the assets impaired	-	-	-	-	-
Overdue (gross book value)	-	3.143.185	-	-	-
Impaired (-)	-	(3.143.185)	-	-	-
Guaranteed portion of the net book value	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impaired (-)	-	-	-	-	-
Guaranteed portion of the net book value	-	-	-	-	-
E. Off balance sheet items with credit risk	-	-	-	-	-

(*) Increase in credit reliability are not taken into account in determining the amount, such as guarantees received.

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NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (Continued)

b) Credit Risk (Continued)

31 December 2013	Receivables				Bank Deposits
	Trade Receivables		Other Receivables		
	Related Parties	Other Parties	Related Parties	Other Parties	
Maximum credit risk					
As of reporting date (A+B+C+D+E)	30.736.348	34.283.414	320.257.183	433.031	26.802.660
Guaranteed portion of the maximum risk	-	4.121.398	-	-	-
A. Net book value of the assets that are not due or that are not impaired	5.049.866	27.588.554	320.257.183	433.031	26.802.660
B. Value of the financial assets whose terms have been renegotiated, otherwise considered as overdue or impaired	-	-	-	-	-
C. Book value of the overdue but not impaired assets (Note 6)	25.686.482	6.694.860	-	-	-
- Guaranteed portion	-	-	-	-	-
D. Net book value of the assets impaired	-	-	-	-	-
Overdue (gross book value)	-	4.319.567	-	-	-
Impaired (-)	-	(4.319.567)	-	-	-
Guaranteed portion of the net book value	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impaired (-)	-	-	-	-	-
Guaranteed portion of the net book value	-	-	-	-	-
E. Off balance sheet items with credit risk	-	-	-	-	-

(*) Increase in credit reliability are not taken into account in determining the amount, such as guarantees received.

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, providing availability of funds through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group is provided flexibility in funding through available credit lines considering the dynamics of business environment. The Group management holds adequate cash, credit commitment and factoring capacity that will meet the need for cash for 4-weeks in order to manage its liquidity risk. In this context, the Group has credit commitments from banks amounting to 179.265.357 Euro that the Group can utilize whenever needed, and a factoring agreement of 20 million Euro, 50 million Dollar and 152 million TL.

Remaining maturities of liabilities which includes interest are disclosed in the following page:

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**NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL
INSTRUMENTS (Continued)**

c) Liquidity Risk (Continued)

31 December 2014							
	Net book value	Agreed total cash outflows	Less than 3 months	3-12 months	1-5 years	5-10 years	Cash
Agreement terms:							
Non-derivative financial liabilities							
Bank loans	373.639.733	459.749.494	60.710.406	84.604.688	45.766.211	268.668.190	-
Finance lease liabilities	18.200.922	20.128.280	2.237.793	6.335.396	11.555.091	-	-
Total	391.840.655	479.877.774	62.948.199	90.940.084	57.321.302	268.668.190	-

31 December 2013							
	Net book value	Agreed total cash outflows	Less than 3 months	3-12 months	1-5 years	5-10 years	Cash
Agreement terms:							
Non-derivative financial liabilities							
Bank loans	350.700.936	355.493.376	6.651.190	256.688.871	92.153.315	-	-
Finance lease liabilities	12.683.293	14.098.108	1.911.210	4.022.420	8.164.478	-	-
Total	363.384.229	369.591.484	8.562.400	260.711.291	100.317.793	-	-

31 December 2014							
	Net book value	Expected total cash outflows	Less than 3 months	3-12 months	1-5 years	Cash	
Expected terms							
Non-derivative financial liabilities							
Trade payables		107.720.376	108.222.670	108.222.670	-	-	-
Other payables		1.151.104	1.151.104	1.151.104	-	-	-
Other liabilities		6.791.467	6.791.467	6.791.467	-	-	-
Total		115.662.947	116.165.241	116.165.241	-	-	-

31 December 2013							
	Net book value	Expected total cash outflows	Less than 3 months	3-12 months	1-5 years	Cash	
Expected terms							
Non-derivative financial liabilities							
Trade payables		79.446.896	79.453.683	79.453.683	-	-	-
Other payables		1.244.747	1.244.747	1.244.747	-	-	-
Other liabilities		13.565.517	13.565.517	13.565.517	-	-	-
Total		94.257.160	94.263.947	94.263.947	-	-	-

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**NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL
INSTRUMENTS (Continued)**

Unearned credit finance expense is not calculated since the maturities of trade payables, other payables and other liabilities are short.

d) Foreign Currency Risk

The Group is expected to foreign exchange risk due to translation into TL of foreign currency denominated assets and liabilities, mainly being foreign currency denominated trade receivables and bank borrowings. Such risk is monitored in meetings held by the Board of Directors. The Group is maintaining a natural hedge through balancing foreign currency denominated assets and liabilities. Factoring transactions, entered into to manage liquidity risk, are also an important element in maintaining such balance.

The table below summarizes the Group's foreign currency position at 31 December 2014 and 2013. Book value of foreign currency denominated assets and liabilities held by the Group are as follows:

	31 December 2014	31 December 2013
Total export	484.945.818	480.868.204
Total import	97.346.624	93.488.852
Hedging ratio of foreign currency position	0%	0%

The following table summarizes the Group's foreign currency position as of 31 December 2014. Details are as the following pages:

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NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (Continued)

	Foreign currency position									
	31 December 2014					31 December 2013				
	TL Equivalent (Functional currency - Euro)	USD	TL	GBP	Other	TL Equivalent (Functional currency -TL)	USD	TL	GBP	Other
1. Trade Receivables	1.255.445	219.936	745.435	-	-	2.170.811	133.191	(241.761)	606.112	-
2a. Monetary Financial Assets (including Cash, Banks accounts)	1.802.969	639.192	133.912	1.492.439	-	4.993.137	1	4.977.673	4.403	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	1.808.669	-	1.808.669	-	-
4. Current Assets (1+2+3)	3.058.414	1.084.275	353.848	2.237.874	-	8.972.617	133.192	6.544.581	610.515	-
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Fixed Assets (5+6+7)	-	-	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	3.870.779	-	353.848	2.237.874	225.902	8.972.617	133.192	6.544.581	610.515	-
10. Trade Payables	62.511.977	1.722.435	57.756.212	211.788	-	66.854.664	4.597.375	55.909.615	322.627	-
11. Financial Liabilities	13.413.299	-	13.413.299	-	-	9.731.200	1.011.336	7.572.704	-	-
12a. Other Monetary Liabilities	(3.094.681)	-	-	(860.566)	-	-	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-	-	-	-	-	-	-
13. Short-term Liabilities (10+11+12)	72.830.595	1.722.435	71.169.511	(648.778)	-	76.585.864	5.608.711	63.482.319	322.627	-
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	13.486.253	-	13.486.253	-	-	-	-	-	-	-
16 a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16. b Other Nonmonetary Liabilities	-	-	-	-	-	-	-	-	-	-
17. Long-term Liabilities ((14+15+16)	13.486.253	-	13.486.253	-	-	-	-	-	-	-
18. Total Liabilities (13+17)	86.316.848	1.722.435	84.655.764	(648.778)	-	76.585.864	5.608.711	63.482.319	322.627	-
19. Net Asset / (Liability) Position of the Off- Balance Sheet Foreign Exchange Based Derivatives (19a-19b)	-	-	-	-	-	(85.053.740)	-	(53.100.000)	(9.100.000)	-
19.a. The Amount of the Asset Type Off-Balance-Sheet Foreign Exchange Based Derivatives	-	-	-	-	-	-	-	-	-	-
19.b. The Amount of the Liability Type Off-Balance-Sheet Foreign Exchange Based Derivatives	-	-	-	-	-	85.053.740	-	53.100.000	9.100.000	-
20. Net Foreign Exchange Asset / (Liability) (9-18+19)	(83.258.435)	(1.368.587)	(82.417.890)	648.778	-	(152.666.988)	(5.475.519)	(110.037.737)	(8.812.112)	-
21. Net Foreign Exchange Asset / (Liability) Position of the Monetary Item (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16)	(83.258.435)	(1.368.587)	(82.417.890)	648.778	-	(69.421.917)	(5.475.519)	(58.746.407)	287.888	-
22. Total Exports	3.529.124	1.521.896	-	-	-	283.648	132.900	-	-	-
23. Total Imports	64.665.701	27.518.869	-	2.984	17.319	68.436.154	32.064.652	-	162	-

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NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2014

	Profit/Loss		Shareholders' Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
%10 change in USD against TL				
1. USD net asset/liability	(112.512)	112.512	-	-
2. Hedged from the USD risk (-)	-	-	-	-
3. USD Net Effect (1+2)	(112.512)	112.512	-	-
%10 change in Avro against TL				
4. Avro net asset/liability	(2.921.895)	2.921.895	-	-
5. Hedged from the Avro risk (-)	-	-	-	-
6. Net Avro Effect (4+5)	(2.921.895)	2.921.895	-	-
%10 change in GBP against Avro				
7. GBP net asset/liability	111.513	(111.513)	-	-
8. Hedged from the GBP risk (-)	-	-	-	-
9. Net GBP Effect (7+8)	111.513	(111.513)	-	-
Total (3+6+9)	(2.922.894)	2.922.894	-	-

31 December 2013

	Profit/Loss		Shareholders' Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
%10 change in USD against TL				
1. USD net asset/liability	(397.970)	397.970	-	-
2. Hedged from the USD risk (-)	-	-	-	-
3. USD Net Effect (1+2)	(397.970)	397.970	-	-
%10 change in Avro against TL				
4. Avro net asset/liability	(1.938.966)	1.938.966	-	-
5. Hedged from the Avro risk (-)	(1.808.275)	1.808.275	-	-
6. Net Avro Effect (4+5)	(3.747.241)	3.747.241	-	-
%10 change in GBP against Avro				
7. GBP net asset/liability	1.318.653	(1.318.653)	-	-
8. Hedged from the GBP risk (-)	-	-	-	-
9. Net GBP Effect (7+8)	1.318.653	(1.318.653)	-	-
Total (3+6+9)	(2.826.558)	2.826.558	-	-

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**NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL
INSTRUMENTS (Continued)**

e) Price Risk

The Group is exposed to commodity (gray cast iron, aluminium) price risk due to the nature of its business. In order to limit the price risk, the Group makes contracts on fixed prices based on the production capacity estimates performed at the beginning of period.

f) Capital Risk Management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of debt/equity ratio. The Group has not set any specific target in regards to this ratio and determines its strategies by evaluating the market conditions and the needs of the Group arising from operations for each period.

	31 December 2014	31 December 2013
Financial liabilities	499.561.031	439.723.625
Less: Cash and cash equivalents (Note 4)	(30.421.286)	(26.802.660)
Net liability	469.139.745	412.920.965
Total equity	340.100.272	333.271.867
Financial liabilities/equity ratio	138%	124%

**NOTE 28 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGING
DISCLOSURES)**

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

In order to hedge these risks, the Group uses forward foreign currency transaction agreements as a financial instrument at times.

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**NOTE 28 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGING
DISCLOSURES) (Continued)**

	<u>31 December 2014</u>		<u>31 December 2013</u>	
	Contractual Amount	Current Value	Contractual Amount	Current Value
Derivative foreign exchange financial instruments				
Forward foreign exchange sales transactions -EUR	-	-	53.100.000	(367.012)
Forward foreign exchange sales transactions -GBP	-	-	3.800.000	(118.371)
Exchange rate swap buying transactions	-	-	11.575.000	(3.107.500)
	-	-		(3.592.883)

As of 31 December 2014 the Group does not have forward foreign exchange purchase agreements. As of 31 December 2013, the Group has forward foreign exchange purchase agreements that have a total value 53.100.000 TL against 17.883.630 EUR, 3.800.000 GBP against 4.557.666 Euro forward foreign exchange sale agreements that have a total value. With regard to these contracts, an income accrual of 3.592.883 TL is recognized in consolidated financial statements. In addition to this with regard to swap contracts for loans amounting to 11.575.000 TL, an income accrual of 3.107.500 TL is recognized in consolidated financial statements

NOTE 29 - EARNINGS PER SHARE

For 1 January - 31 December 2014 and 1 January - 31 December 2013 accounts terms, weighted average of Group's share and profit accounts for unit share:

	31 December 2014	31 December 2013
Weighted average number of ordinary share with a nominal value of Kr 0.1	66.844.800.000	66.844.800.000
Net profit for the year (TL)	20.680.830	15.310.785
Earnings per share with nominal value of TL 0.01(1 KR)	0,3094	0,2290