COMPONENTA DÖKÜMCÜLÜK
TİCARET VE SANAYİ A.Ş.

Consolidated Financial Statements
As of and For the Year
Ended 31 December 2015
With Independent Auditors' Report Thereon

(Convenience Translation of Financial Statements
And Related Disclosures and Footnotes
Originally Issued in Turkish)

11 March 2016

This report includes 3 pages of Independent Auditors' Report and 65 pages of financial statements and notes to the financial statements..

COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2015

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

		Audited	Audited
	Notes	**31 December 2015**	**31 December 2014**
ASSETS			
Current Assets		**446.068.438**	**352.993.495**
Cash and Cash Equivalents	*4*	16.803.959	30.421.286
Trade Receivables	*6*	194.568.987	127.288.330
- Trade receivables from related parties	*28*	*161.424.813*	*91.348.742*
- Trade receivables from non-related parties		*33.144.174*	*35.939.588*
Other Receivables	*7*	106.810.941	71.562.542
- Trade receivables from related parties	*28*	*106.415.921*	*71.227.324*
- Trade receivables from non-related parties		*395.020*	*335.218*
Inventories	*9*	104.184.985	97.939.220
Prepaid Expenses	*10*	3.037.925	5.114.631
Current Income Tax Assets	*26*	1.841.635	1.804.670
Other Current Assets	*17*	18.820.006	18.862.816
Non-Current Assets		**653.385.141**	**564.291.003**
Other Receivables	*7*	206.544.000	211.552.500
- Other receivables from related parties	*28*	*206.544.000*	*211.552.500*
Equity-accounted Investees	*11*	3.916.227	3.727.580
Property, Plant and Equipment	*12*	409.323.396	313.750.768
Intangible Assets		8.801.215	12.623.657
- Goodwill	*14*	*3.602.934*	*2.989.519*
- Other intangible assets	*13*	*5.198.280*	*9.634.138*
Prepaid Expenses	*10*	13.800.303	12.636.498
Other Non-Current Assets	17	11.000.000	10.000.000
TOTAL ASSETS		**1.099.453.579**	**917.284.498**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 31 December 2015	Audited 31 December 2014
LIABILITIES			
Current Liabilities		**401.246.333**	**282.498.828**
Short-Term Borrowings	*5*	175.339.358	141.985.006
Short-Term Portion of Long Term Borrowings	*5*	84.378.343	8.775.511
Trade Payables	*6*	119.666.646	107.720.376
- Trade payables to related parties	*28*	*4.888.150*	*4.181.985*
- Trade payables to third parties		*114.778.496*	*103.538.391*
Other Payables	*7*	1.135.185	1.151.104
- Other payables to related parties	*28*	*23.653*	*23.653*
- Other payables to third parties		*1.111.532*	*1.127.451*
Payables Related to Employee Benefits	*8*	9.746.312	11.869.164
Short-term Provisions	*15*	4.783.236	4.206.200
-Short-term provisions for employee benefits		*890.805*	*890.805*
-Other short-term provisions		*3.892.431*	*3.333.022*
Other Current Liabilities	*17*	6.197.253	6.791.467
Non-Current Liabilities		**319.957.526**	**294.685.398**
Long-Term Borrowings	*5*	274.265.097	241.080.138
Long-Term Provisions		31.576.834	25.269.994
- Long-term provisions for employee benefits karşılıklar	*16*	*31.576.834*	*25.269.994*
Deferred Tax Liabilities	*26*	14.115.595	28.335.266
TOTAL LIABILITIES		**721.203.859**	**577.184.226**
EQUITY		**378.249.720**	**340.100.272**
Paid in Capital	*18*	66.844.800	66.844.800
Paid-in Capital Inflation Adjustment Differences	*18*	45.195.347	45.195.347
Share Premium		161.041	161.041
Other Comprehensive Income/Expense Not to be Reclassified to Profit or Loss		57.265.102	69.378.716
- Gain on revaluation and re-measurement		*68.754.201*	*75.385.972*
- Remeasurements of defined benefit liability		*(11.489.099)*	*(6.007.256)*
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		100.809.050	56.620.764
- Foreign currency translation differences		*100.809.050*	*56.620.764*
Restricted Reserves	*18*	14.926.943	12.188.190
Retained Earnings		68.515.018	69.030.584
Net Profit for the Period		24.532.419	20.680.830
TOTAL LIABILITIES AND EQUITY		**1.099.453.579**	**917.284.498**

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

COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	Notes	Audited 1 January-31 December 2015	Audited 1 January-31 December 2014
CONTINUING OPERATIONS:			
Revenue	*19*	801.564.225	760.007.920
Cost of Sales (-)	*19*	(642.647.627)	(601.150.763)
GROSS PROFIT		**158.916.598**	**158.857.157**
Marketing Expenses	*20*	(61.758.732)	(60.159.103)
General Administrative Expenses	*20*	(46.674.400)	(44.041.355)
Research and Development Expenses	*20*	(3.992.664)	(3.208.407)
Other Operating Income	*22*	23.367.933	33.424.362
Other Operating Expenses (-)	*22*	(10.130.026)	(34.527.447)
OPERATING PROFIT		**59.728.709**	**50.345.207**
Investment Operating Expenses (-)	*23*	20.719.994	7.087.463
Income From İnvestments İn Associate	*11*	342.446	359.284
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSE		**80.791.149**	**57.791.954**
Financial Incomes	*24*	28.935.007	44.770.129
Financial Expenses (-)	*25*	(98.414.471)	(73.086.463)
OPERATING PROFIT BEFORE TAX		**11.311.685**	**29.475.620**
Income Tax Expense			
- Current Tax Expense	*26*	(1.897.506)	(4.407.039)
- Deferred Tax Income/(Expense)	*26*	15.118.240	(4.387.751)
NET PROFIT		**24.532.419**	**20.680.830**
Earnings Per Share			
Earnings Per Share With A Nominal Value Of Kr 0.1 Each (Kr)	*27*	0,3670	0,3094
OTHER COMPREHENSIVE INCOME			
Profit or Loss not to be Reclassified		**(10.997.682)**	**(2.118.282)**
-Remaeasurement of land and buildings		(6.033.869)	--
-Remeasurements of defined benefit liability	*16*	(6.852.304)	(2.647.853)
- Tax – Related to other comprehensive income not attributable to profit or losses	*26*	1.888.491	529.571
Profit or Loss to be Reclassified		***44.188.286***	***(11.734.143)***
-Changes in foreign currency translation differences		*44.188.286*	(11.734.143)
TOTAL COMPREHENSIVE INCOME		**33.190.604**	**(13.852.425)**
TOTAL COMPREHENSIVE INCOME		**57.723.023**	**6.828.405**

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

COMPONENTA DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

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

					Other Comprehensive Income and Expense Not to be Reclassified to Profit or Losses		Other Comprehensive Income and to be Reclassified to profit or loss				
	Notes	**Paid-in Capital**	**Inflation adjustment to share capital**	**Share Premium**	**Remeasurements of defined benefit liability**	**Gain on revaluation and re-measurement**	**Foreign Currency Translation Differences**	**Restricted Reserves**	**Retained earnings**	**Net profit for the period**	**Total Equity**
1 January 2014		**66.844.800**	**45.195.347**	**161.041**	**(3.888.974)**	**76.376.567**	**68.354.907**	**12.136.306**	**52.781.088**	**15.310.785**	**333.271.867**
Transfers		--	--	--	--	--	--	51.884	15.258.901	(15.310.785)	--
Total comprehensive income		--	--	--	(2.118.282)	--	(11.734.143)	--	--	20.680.830	6.828.405
Depreciation transfer		--	--	--	--	(990.595)	--	--	990.595	--	--
31 December 2014	**18**	**66.844.800**	**45.195.347**	**161.041**	**(6.007.256)**	**75.385.972**	**56.620.764**	**12.188.190**	**69.030.584**	**20.680.830**	**340.100.272**
1 January 2015		**66.844.800**	**45.195.347**	**161.041**	**(6.007.256)**	**75.385.972**	**56.620.764**	**12.188.190**	**69.030.584**	**20.680.830**	**340.100.272**
Transfers		--	--	--	--	--	--	2.738.753	17.942.077	(20.680.830)	--
Total comprehensive income		--	--	--	(5.481.843)	(5.515.839)	44.188.286	--	--	24.532.419	57.723.023
Depreciation transfer		--	--	--	--	(1.115.932)	--	--	1.115.932	--	--
Dividend payment		--	--	--	--	--	--	--	(19.573.575)	--	(19.573.575)
											--
31 December 2015	**18**	**66.844.800**	**45.195.347**	**161.041**	**(11.489.099)**	**68.754.201**	**100.809.050**	**14.926.943**	**68.515.018**	**24.532.419**	**378.249.720**

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

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

		Audited	**Audited**
	Notes	**31 December 2015**	**31 December 2014**
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		**24.532.419**	**20.680.830**
Adjustments to reconcile net profit to cash provided by operating activities:			
Depreciation and amortisation expenses	*12, 13*	24.008.127	22.762.210
(Reversal of)/Provision for diminution in value of inventories	*9*	(459.999)	863.875
Provision increase for employee termination benefit		4.020.804	6.822.260
Share of profit of equity-accounted investees	*11*	(342.446)	(359.284)
(Gain)/loss on sale of property, plant, and equipment	23	(10.418)	--
Interest income	*24*	(1.796.382)	3.697.038
Interest expense on finance lease liability	*25*	1.082.150	--
Provision of litigation / (cancelation income)		500.597	(55.804)
Interest and factoring expenses	*25*	46.782.482	29.019.070
Foreign currency translation differences		2.641.670	3.831.893
Tax expense	*26*	(13.220.734)	8.794.790
Cash flows from operating activities before changes in operating assets and liabilities:		**87.738.270**	**96.056.878**
Change in Trade Receivables		2.569.263	(10.073.171)
Increase in related party balances		(78.526.991)	(61.896.221)
Increase in inventories		(5.877.656)	(20.258.048)
Increase in other current assets and receivables		125.006	(24.493.969)
Increase in trade payables and tax liabilities		14.924.251	25.860.269
Increase/(decrease) in other liabilities and payables		(2.715.360)	(2.654.675)
Cash Used in Operating Activities		**18.236.783**	**2.541.063**
Payments of employee termination benefits	*16*	(3.996.734)	(4.152.703)
Tax paid	26	(1.841.635)	(6.211.709)
Net cash used in investing activities		**12.398.414**	**(7.823.349)**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	*12*	(86.940.882)	(36.871.273)
Acquisition of intangible assets	*13*	(3.373.692)	(35.505)
Proceeds from sale of property, plant and equipment		8.896.826	--
Dividend received	*11*	(75.300)	(90.360)
Loans landed to related parties		(30.180.097)	37.477.359
Interest income		1.796.382	8.416.997
Net Cash Used in Investing Activities		**(109.876.763)**	**8.897.218**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		282.724.564	42.212.069
Repayment of financial borrowings		(140.582.421)	(10.648.142)
Repayment of interest, financial lease and factoring expenses		(47.864.631)	(29.019.070)
Dividend paid	*18*	(10.416.490)	--
Net Cash Provided From Financing Activities		**83.861.022**	**2.544.857**
DECREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN EXCHANGE (A+B+C)		**(13.617.327)**	**3.618.726**
D. FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EUQIVALENTS		**--**	**--**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**30.421.286**	**26.802.660**
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(13.617.327)**	**3.618.726**
NET CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (A+B+C+D +E)		**16.803.959**	**30.421.386**

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

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 22).

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 2015 was 2.179.
(1 January - 31 December 2014: 2.560).

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 (Note 3). 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 2015 (Note 11).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

2.1. Basis of Presentation

2.1.1. Approval of Financial Statements

The accompanying consolidated financial statements as at 31 December 2015 are approved by the Company's Board of Directors to be published on 11 March 2016. General Assembly and related legal institutions have the right to correct these financial statements.

2.1.2. Preparation of the Consolidated Financial Statements and Statement of Compliance to TAS

The Company and its associate registered in Turkey maintain their accounting records and prepare their statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiary operating in foreign country prepares its statutory financial statements in accordance with the laws and regulations of the country in which it operate.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1. Basis of Presentation *(continued)*

2.1.2. Preparation of the Consolidated Financial Statements and Statement of Compliance to TAS *(continued)*

The accompanying condensed consolidated interim financial statements are prepared in accordance with the Communiqué No II-14.1, "Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. According to the Communiqué Article 5, financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") which are published by Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

The accompanying interim financial statements as at 31 December 2015 have been prepared in accordance with the communiqué numbered 20/670 "Announcement on Financial Statements and Footnote Formats" published by Capital Markets Board ("CMB") dated 7 June 2013.

2.1.3. Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial asset and liabilities and the land and land improvements and buildings which are measured at fair value, and are based on the statutory records, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS.

Basis of Measurement for fair value are explained in Note 28.

2.1.4. Correction of Financial Statements during the Hyperinflationary Periods

In accordance with the CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the regulations of CMB (including those applying IAS/IFRS) are not subject to the application of inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying financial statements.

2.1.5. Functional and Presentation Currency

The financial statements of each of the Group entities are measured in terms of the currency ("the functional currency") of the economy they are located and operating in. Since the Company's functional currency is the Euro, condensed consolidated interim financial statements have been prepared in Euros and are presented in Turkish Lira ("TL").

Transactions and Balances

Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Foreign currency gains and losses arising from the realization of these transactions and translation of monetary assets and liabilities denominated in foreign currencies to the functional currency at the exchange rate at the reporting date are recognized in that consolidated statement of profit or loss, except they are evaluated as hedging of cash flow and net investment and recognized in the equity.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.1. Basis of Presentation *(continued)*

2.1.5. Functional and Presentation Currency *(continued)*

The translation of the financial statement of subsidiary in foreign country

Functional currency of the subsidiary operating in foreign country is Great Britain Pound ("GBP") and the assets, liabilities and equity are translated into the Group's functional currency, Euro at the exchange rate at the reporting date, income statement items are translated 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). Exchange rate differences arising from average exchange rates and reporting date exchange rates are recognised in "foreign currency translation differences" item in the consolidated shareholders' equity for subsidiary operating in foreign country.

The exchange rates used by the subsidiary in foreign country for the conversion of the reporting date and income statement items are as follows:

End of the term:	**31 December 2015**	**31 December 2014**
Turkish Lira / British Pound	4,3007	3,5961

The average:	**1 January- 31 December 2015**	**1 January - 31 December 2014**
Turkish Lira / British Pound	3,8963	3,5925

Translation to the presentation currency (TL)

(a) As at 31 December 2015, items in the assets and liabilities in the consolidated statement of financial position are translated into TL using the Central Bank of the Republic of Turkey ("CBRT") buying exchange rate of 3,1776 TL / Euro (31 December 2014: 2,8207). Equity items are recorded at historical values.

(b) The items in consolidated interim statements of profit or loss and other comprehensive income for the year ended at 31 December 2015 have been translated into TL by using average of CBRT's Euro bid rate, which corresponds to 3,0167. (For the year ended 31 December 2014, yearly average CBRT Euro exchange buying rate of 2,9049 TL / Euro).

(c) All exchange differences arising have been recognized on foreign currency translation differences within shareholders' equity on the Group's consolidated financial statements.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2. Consolidation Principles

The condensed consolidated interim 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 TAS stated in Note 2.1.2 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.

Subsidiaries

The table below sets out subsidiary and demonstrates the proportion of ownership interest as at 31 December 2015 and 31 December 2014:

	31 December 2015 Shares	31 December 2014 Shares
Componenta UK Ltd.	%100	%100

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The statement of financial position and statements of profit or loss and other comprehensive income of the subsidiary is 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. Unrealized losses are eliminated unless the transactions indicates an impairment in the transferred asset. 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.

The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Since Group has all shares of subsidiary, there is no non-controlling interest.

Investment in Associates

Investment in associates are recognised initially at cost and subsequent to initial recognition are accounted for using the equity method. Associates are those entities in which the Group in generally has voting rights between 20% and 50% and the Group has significant influence, but not control, over the financial and operating policies. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.2. Consolidation Principles *(continued)*

Investment in Associates *(continued)*

Unless the Group has not any obligation or commitment in connection with its subsidiary, equity method is discontinued if the carrying amount of the associate is zero or the significant influence ceases. Carrying amount of the investment at the date on which significant influence is lost is presented as cost after thereafer. If the Group's ownership in an eqity-accounted investee is reduced without causing a cease in significant influence, then the Group reclassifies to profit or loss any equity-accounted gain or loss previously recognized in OCI in proportion to the reduction in the ownership interest if it is relavant with TAS requirements.

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

	31 December 2015 Shares	31 December 2014 Shares
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş. ("Kumsan")	%25,10	%25,10

2.3. Changes in Turkish Financial Reporting Standards

a) Standards issued but not yet effective and not early adopted at 31 December 2015

TFRS 9 Financial Instruments – *Classification and measurement*

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option ("FVO") liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on the consolidated financial position or performance of the Group.

Clarification of acceptable methods of depreciation and amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 "Property, Plant and Equipment" explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 "Intangible Assets" introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3. Changes in Turkish Financial Reporting Standards *(continued)*

a) Standards issued but not yet effective and not early adopted at 31 December 2015 *(continued)*

Accounting for acquisition of interests in joint operations (Amendments to TFRS 11)

The amendments clarify whether TFRS 3 "Business Combinations" applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

TFRS 14 Regulatory Deferral Accounts

International Accounting Standards Board (IASB) has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to International Financial Reportting Standards ("IFRS") for rate regulated entities. The standard permits first time adopters of TFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to TFRS 10 and TAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognised when the assets transferred meet the definition of a "business" under TFRS 3 "Business Combinations". The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Equity method in separate financial statements (Amendments to TAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3. Changes in Turkish Financial Reporting Standards *(continued)*

a) Standards issued but not yet effective and not early adopted at 31 December 2015 *(continued)*

Disclosure Initiative (Amendments to TAS 1)

The narrow-focus amendments to TAS 1 "Presentation of Financial Statements" clarify, rather than significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: Materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

b) Improvements to TFRSs

The IASB issued Annual Improvements to IFRSs - 2012–2014 Cycle. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Annual Improvements to TFRS – 2012–2014 Cycle

TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

TFRS 7 "Financial Instruments: Disclosures"

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety. TFRS 7 is also amended to clarify that the additional disclosures required by "Disclosures: Offsetting Financial Assets and Financial Liabilities" (Amendments to TFRS 7).

TAS 19 "Employee Benefits"

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

TAS 34 "Interim Financial Reporting"

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.3. Changes in Turkish Financial Reporting Standards *(continued)*

c) The new standards, amendments and interpretations that are issued by IASB but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 - (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. This standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TMS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

IFRS 15 Revenue from Contracts with customers

The standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognising revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on consolidated financial position or performance of the Group.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.4. 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 not any accounting policy that was changed or planned to change in the consolidated financial statements and all accounting policies were applied consistent with the prior periods'.

2.5. Comparative Information and Restatement of Prior Period Financial Statements

For the year ended on 31 December 2015, consolidated interim financial statements are prepared comparatively with prior period in order to allow the determination of financial position and performance trends. The Group presented consolidated statement of financial position as at 31 December 2015, comparatively with the consolidated statement of financial position prepared as at 31 December 2014 and; presented consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended on 31 December 2015 comparatively with consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended on 31 December 2014.

2.6. Changes in Accounting Estimates and Errors

Effect of changes in accounting estimates, if it is only related to one period, is recognized in the period that the change is made, if it is related with the future periods, is recognized in the current period and also in future periods, prospectively.

2.7. 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 impairment

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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.8. Summary of significant accounting policies *(continued)*

Trade receivables and provision for impairment *(continued)*

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 doubtful receivables provision for the trade receivables that the Group is unable to collect. If the doubtful receivables amount decreases after collecting the whole or a portion of the amount, the release of the provision is credited to other income in the current period.

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 realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 9).

As of 31 December 2015, group is equipped with waste material that consists of iron and sand mixture, which is the accumulated result of the production process of the past year. The group used the isolated iron material in the waste as a raw material and started the project. As of 31 December 2015, group activated the production costs of this project on the consolidated financial statements and have included into the inventories item on the consolidated statement of financial position. These production costs are calculated based on the estimated net realizable value of the projected separation of iron material as of 31 December 2015.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.8. Summary of significant accounting policies *(continued)*

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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The Group considers thecriterions below for test of impairment of financial assets:

- Debtor's financial difficulty is in substantially 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,
- The debtor has gone through or is expected to go through a financial restructuring,
- Using independent data, financial assets to the Group in the future, whether they be of a significant decline in cash flow.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.8. Summary of significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

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.

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 13).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.8. Summary of significant accounting policies *(continued)*

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.

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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.8. Summary of significant accounting policies *(continued)*

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.

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 26).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.8. Summary of significant accounting policies *(continued)*

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 19).

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.

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:

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.8. Summary of significant accounting policies *(continued)*

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.

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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.8. 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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.8. 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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.9. 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 lifes 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 2015 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 26). 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 2015 as 4, 08%.

d) Net realisable value of waste inventories

As of 31 December 2015, 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 2015 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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.9. Significant accounting estimates and assumptions *(continued)*

e) Value added tax carried forward

As of 31 December 2015, the Company has a total value added tax ("VAT") receivable of 29.510.267 TL (31 December 2013: 23.900,245 TL) consisting of the company's investments, sales, and purchases and resulting from various VATs (Note 17).The Company shall apply to the relevant tax office in order to net the VAT receivables or receive a VAT refund for 2015 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.

3. SEGMENT REPORTING

Operating segments are evaluated parallel to the internal reporting and strategic divisions that are presented to competent organs or authorities to make decisions regarding the Group's operations. The aforementioned competent organ, which authorized to make strategic decisions, is defined as the Board of Directors of the company. Group management determines operation segments according to the reports, which are evaluated during the Board of Director's decision making process. The Group's top executives follow the operation results as industrial segment. This industrial segment consists of cast aliminum, cast iron and wheels. Group's top executives do not follow the operation results geographically, thus there is no geographical 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.

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

3. SEGMENT REPORTING (continued)

Segment assets:	**31 December 2015**	**31 December 2014**
Gray cast iron	509.648.388	481.197.891
High pressure	195.418.188	103.102.778
Wheel	75.669.220	44.671.755
Unallocated assets (*)	318.717.783	288.312.074
Total assets per consolidated financial statements	**1.099.453.579**	**917.284.498**

(*) As of 31 December 2015, unallocated assets consist of financial investments in Kumsan amounting to TL 3.916.227 (31 December 2014: TL 3.727.580), loans and interests of loans landed to Componenta Oyj amounting to TL 311.038.693 (31 December 2014: TL 280.855.457), receivables from personnel amounting to TL 1.921.228 (31 December 2014: TL 1.924.367) and current tax receivable amounting to TL 1.841.635 TL (31 December 2014: 1.804.670).

Segment liabilities:	**31 December 2015**	**31 December 2014**
Gray cast iron	145.262.920	138.384.873
High pressure	42.797.333	16.622.906
Wheel	13.178.036	20.201.448
Unallocated liabilities (*)	519.965.569	401.974.999
Total liabilities per consolidated financial statements	**721.203.858**	**577.184.226**

(*) As of 31 December 2015, unallocated liabilities consist of bank borrowings amounting to TL 505.849.974 (31 December 2014: TL 373.639.733) and deferred tax liabilities amounting to TL 14.115.595 (31 December 2014: TL 28.335.266).

Segmental analysis for the year ended 31 December 2015:

	Gray cast iron	**High pressure**	**Wheel**	**Total**
External revenues	511.694.298	134.807.422	155.062.505	801.564.225
Operating expenses	(496.338.279)	(123.799.892)	(134.935.252)	(755.073.423)
Operating profit	**15.356.019**	**11.007.530**	**20.127.253**	**46.490.802**
Other operating income, net				13.237.907
Finance costs, net				(98.414.471)
Finance income				28.935.007
Share of profit of equity-accounted investees, net of tax				342.446
Income from investing activities				20.719.994
Profit before tax				**11.311.685**
Income tax expense				13.220.734
Net profit for the period				**24.532.419**

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

3. SEGMENT REPORTING (continued)

Segmental analysis for the year ended 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**
Other operating income, net				(1.103.085)
Finance costs, net				44.770.129
Finance income				(73.086.463)
Share of profit of equity-accounted investees, net of tax				359.284
Income from investing activities				7.087.463
Profit before tax				**29.475.620**
Income tax expense				(8.794.790)
Net profit for the period				**20.680.830**

	31 December 2015			
	Gray cast iron	**High pressure**	**Wheel**	**Total**
Depreciation and amortization	14.582.537	6.050.048	3.375.543	24.008.127
Capital expenditures	54.857.073	22.759.272	12.698.230	90.314.574

	31 December 2014			
	Gray cast iron	**High pressure**	**Wheel**	**Total**
Depreciation and amortization	13.825.767	5.736.077	3.200.367	22.762.211
Capital expenditures	29.357.849	6.646.193	902.736	36.906.778

4. CASH AND CASH EQUIVALENTS

As at 31 December 2015 and 31 December 2014, the details of cash and cash equivalents were as follows:

	31 December 2015	31 December 2014
Cash	2.164	4.003
Banks		
Time deposits – EUR	120.749	--
Demand deposits – EUR	5.803.765	28.614.546
Demand deposits - Foreign currency	10.877.281	1.802.737
	16.803.959	**30.421.286**

As of 31 December 2015 group has time deposits in their bank accounts in the amount of 38.000 Euros. The deposit has the interest rate of %0.01 and the maturity date is 4 January 2016.

As of 31 December 2015 there are restriction on cash at banks amounting to TL 2.996.556 due to the guarantee letters and cheques received (31 December 2014: 1.287.850 TL).

Currency and interest rate risk and sensitivity analysis for the group's financial assets and liabilities are described in Note 29.

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

5. SHORT AND LONG TERM BORROWINGS

As at 31 December 2015 and 31 December 2014, the details of financial liabilities measured at amortized cost were as follows:

	31 December 2015	31 December 2014
Short term bank loans and factoring payables	164.191.953	134.495.461
Short term financial lease liabilities	11.147.405	7.489.545
	175.339.358	**141.985.006**
Short term portions of long term bank loans	84.378.343	8.775.511
Total short term borrowings	**259.717.701**	**150.760.517**
Long term bank loans and factoring payables	257.279.678	230.368.761
Long term financial lease liabilities	16.985.419	10.711.377
Total long term borrowings	**274.265.097**	**241.080.138**
Total financial liabilities	**533.982.798**	**391.840.655**

Short term bank loans and factoring payables

	31 December 2015		
	Annual average interest rate %	**Amount in original**	**TL**
Short-term Euro borrowings (*)	5,33	36.106.138	114.730.864
Short term Euro factoring payables (**)	7,4	6.824.707	21.686.189
Short term TL factoring payables (**)	18,9	27.145.791	27.145.791
Short term foreign currency indexed factoring payables (**)	7,4	146.285	629.109
Total financial borrowings			**164.191.953**

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

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

5. SHORT AND LONG TERM BORROWINGS *(continued)*

Long term bank loans and short term portions of long term bank loans

	31 December 2015		
	Annual average interest rate %	**Amount in original**	**TL**
Euro bank loans	6,7	80.966.666	257.279.678
Short-term portion of long term Euro bank loans	6,7	26.554.111	84.378.343
Total financial borrowings			**341.658.021**

The Group has TL 259.717.701 short term bank borrowings as at 31 December 2015. The fair value of the Group's short-term bank loans approximates their carrying amount. Fair value of long-term financial borrowings is TL 318.780.099 (31 December 2014: TL 226.451.618) as at 31 December 2015.

	31 December 2014		
	Annual average interest rate %	**Amount in original**	**TL**
Euro bank loans	6,86	81.670.777	230.368.761
Short-term portion of long term Euro bank loans	7,13	3.111.111	8.775.511
Total financial borrowings			**239.144.272**

Redemption schedules of short term and long term borrowings at 31 December 2015 and 31 December 2014 were as follows:

	31 December 2015	**31 December 2014**
Up to 1 year	248.570.296	143.270.972
1 to 2 years	74.113.116	39.187.985
3 to 4 years	41.048.434	2.193.879
Over 4 years	142.118.128	188.986.897
	505.849.974	**373.639.733**

Details of the Group's variable and fixed interest rate loans as of 31 December 2015 were as follows:

	31 December 2015	**31 December 2014**
Variable interest rate loans	341.658.020	335.253.713
Fixed interest rate loans	164.191.954	38.386.020
	505.849.974	**373.639.733**

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.

5. SHORT AND LONG TERM BORROWINGS *(continued)*

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 15. 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 1.35.

Leverage ratio, means the rate of net Financial Debt, to Earnings before Interest, Taxes, Depreciation and Amortization. Leverage ratio shall not be more than 3.5 for 2015.

Group has fulfilled these financial commitments as of 31.12.2015 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.

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

5. SHORT AND LONG TERM BORROWINGS *(continued)*

Redemption schedule of finance lease liabilities were as follows:

	31 December 2015			31 December 2014		
	Minimum financial leasing payment	**Interest**	**Total liabilities**	**Minimum financial leasing payment**	**Interest**	**Total liabilities**
Short-term portion						
2015	--	--	--	8.573.188	(1.083.643)	7.489.545
2016	12.593.701	(1.446.296)	11.147.405	--	--	--
Short-term portion	**12.593.701**	**(1.446.296)**	**11.147.405**	**8.573.188**	**(1.083.643)**	**7.489.545**
Long-term portion						
2017	9.177.111	(746.305)	8.430.806	--	--	--
2018	6.041.466	(300.076)	5.741.390	5.945.550	(566.224)	5.379.326
2019	2.883.586	(70.363)	2.813.223	4.339.011	(237.093)	4.101.918
2020	--	--	--	1.270.531	(40.398)	1.230.133
Long-term portion	**18.102.163**	**(1.116.744)**	**16.985.419**	**11.555.092**	**(843.715)**	**10.711.377**
	30.695.864	**(2.563.040)**	**28.132.824**	**20.128.280**	**(1.927.358)**	**18.200.922**

Currency and interest rate risk and sensitivity analysis for the group's financial assets and liabilities are described in Note 29.

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

6. TRADE RECEIVABLES AND PAYABLES

Trade receivables:

As at 31 December 2015 and 31 December 2014, the details of the Group's trade receivables were as follows:

	31 December 2015	**31 December 2014**
Due from related parties (Note 28.a.i.)	161.424.813	91.348.742
Receivables from third parties	36.513.510	39.082.773
- Customer accounts	*34.626.642*	*38.337.338*
- Cheques and notes	*1.886.868*	*745.435*
	197.938.323	**130.431.515**
Less: Provision for doubtful receivables	(3.369.336)	(3.143.185)
	194.568.987	**127.288.330**

<u>Aging analysis for trade receivables</u>

As at 31 December 2015 and 31 December 2014, maturities of trade receivables, for which no bad debt provision has been accounted, were as follows:

	31 December 2015	**31 December 2014**
Overdue receivables	130.611.870	63.344.561
0-30 days maturity	14.987.926	21.827.394
31-90 days maturity	47.671.594	32.120.855
91 days and over	1.297.597	9.995.520
	194.568.987	**127.288.330**

As at 31 December 2015 and 31 December 2014, overdue days of receivables are as follows:

Days overdue	**31 December 2015**	**31 December 2014**
0 – 1 month	--	9.080.333
1 – 3 months	83.069.065	13.005.921
3 months and over	47.542.805	41.258.307
	130.611.870	**63.344.561**

TL 127.463.738 of total overdue receivables comprises due from related parties (31 December 2014: TL 51.750.505).

Guarantee letters taken from the customers related with trade receivables are amounting to TL 2.655.000 (31 December 2014: TL 2.455.000), and the long-term bonds are amounting to TL 400.000 (31 December 2014: TL 2.400.000)

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

6. TRADE RECEIVABLES AND PAYABLES *(continued)*

Trade receivables *(continued)*

As at 31 December 2015 and 31 December 2014, the details of the doubtful receivables provisions were as follows:

	2015	2014
1 January	**3.143.185**	**4.319.567**
Terminated provisions	--	(937.805)
Foreign exchange difference	226.151	(238.577)
	3.369.336	**3.143.185**

Trade Receivables have approximately 1-4 months of maturity terms on average (31 December 2014: 1-4 ay). Group's currency and interest rate risks are explained in Note 29.

Trade payables

As at 31 December 2015 and 31 December 2014, the details of the Group's trade payables were as follows:

	31 December 2015	31 December 2014
Payables to-related parties (Note 28.b)	4.888.150	4.181.985
Payables to non-related parties	114.789.277	104.040.685
- Trade payable	*103.310.000*	*103.543.473*
- Notes payable	*11.479.277*	*497.212*
	119.677.427	**108.222.670**
Less: Unearned credit finance expense	(10.781)	(502.294)
	119.666.646	**107.720.376**

Trade Payables have approximately 1-2 months of maturity terms on average (31 December 2014: 1-2 ay). Group's currency and interest rate risks are explained in Note 29.

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

7. OTHER RECEIVABLES AND PAYABLES

Other Receivables

Short-term other receivables:

As at 31 December 2015 and 31 December 2014, the details of short term other receivables were as follows:

	31 December 2015	31 December 2014
Financial receivables from related parties		
- Componenta Oyj (*)	104.494.693	69.302.957
Due from personnel (Note 28)	1.921.228	1.924.367
Deposits and guarantees given	395.020	335.218
	106.810.941	**71.562.542**

Long-term other receivables:

As at 31 December 2015 and 31 December 2014, the details of long term other receivables were as follows:

	31 December 2015	31 December 2014
Financial receivables from relates parties		
- Componenta Oyj (*)	206.544.000	211.552.500
	206.544.000	**211.552.500**

(*) The aforementioned amount consists of loans lended by the Company to Componenta Oyj amounting to EUR 75.000.000 and lended by Componenta UK Limited to Componenta Oyj amounting to GBP 13.867.414, total loan amount is TL 297.959.587 and their interest accruals amounting to TL 13.079.106 as at 31 December 2015 (The aforementioned amount consists of loans lended to Componenta Oyj amounting to EUR 80.000.000 and allocated by Componenta UK Limited amounting to GBP 14.700.048, total loan amount is TL 271.527.477 and their interest accruals amounting to TL 9.327.980 as at 31 December 2014)

The maturity dates of loan lended by the Company to Componenta Oyj amounting to EUR 75.000.000 are: EUR 10.000.000 of it is 30 June 2016, EUR 10.000.000 of it is 30 June 2017, and EUR 15.000.000 of it is 30 June 2018. Rest of the amount, EUR 40.000.000 will be paid after 30 June 2018.

According to Serial IV No:41 "Capital Markets Law and subject to the Communiqué on the Principles to be Followed by Joint Stock Companies" transfer of assets between related parties which exceeds 10% of total assets should be in arm's length. In this scope, 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 borrowed loans, as a base. Annual effective interest rate of the loans lended to Componenta Oyj is 8% for Euro and 5,5% for GBP.

Other Payables

As at 31 December 2015 and 31 December 2014, the details of other payables were as follows:

	31 December 2015	31 December 2014
Other refundable VAT	1.111.532	1.127.451
Due to related parties	23.653	23.653
	1.135.185	**1.151.104**

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

8. PAYABLES RELATED TO EMPLOYEE BENEFIT

As at 31 December 2015 and 31 December 2014, the payables related to employee benefits were as follows:

	31 December 2015	31 December 2014
Personnel income tax and stamp tax payables	4.155.386	3.080.162
Payables to the personnel	2.925.191	4.718.123
Payables to social security institution	2.665.736	4.070.879
	9.746.312	**11.869.164**

9. INVENTORIES

As at 31 December 2015 and 31 December 2014, the details of the inventories were as follows:

	31 December 2015	31 December 2014
Raw materials	38.383.212	43.690.318
Work-in-progress	6.507.518	8.943.089
Finished goods	48.178.501	38.162.943
Other (*)	11.611.519	8.006.745
	104.680.751	**98.803.095**
Less: Provision for net realisable value of inventories	(495.766)	(863.875)
	104.184.985	**97.939.220**

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

As at 31 December 2015 and 31 December 2014, the details of impairment provision is as follows:

	2015	2014
1 January	**863,875**	**100,481**
Provision for diminution in value of inventories during the period	--	767,356
Impairment Loss	(459,999)	--
Foreign currency translation differences	91,890	(3,962)
	495,766	**863,875**

For the period from 1 January to 31 December 2015, a portion amounting to TL 298.478.507 of the cost of goods sold is related to raw material and supplies usage (1 January - 31 December 2014: TL 261.548.211).

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

10. PREPAID EXPENSES

Current prepaid expenses

As at 31 December 2015 and 31 December 2014, the details of the current prepaid expenses were as follows:

	31 December 2015	31 December 2014
Prepaid expenses for the following months	1.191.586	2.873.521
Deferred finance costs (*)	1.160.375	795.192
Other	685.964	1.445.918
	3.037.925	**5.114.631**

Non-current prepaid expenses

As at 31 December 2015 and 31 December 2014, the details of the non-current prepaid expenses were as follows:

	31 December 2015	31 December 2014
Deferred finance costs (*)	8.043.850	4.485.610
Fixed Assets Advances Given	5.756.454	5.395.065
Advances Given to Suppliers	--	2.755.823
	13.800.303	**12.636.498**

(*) The long term prepaid expenses consist of comission paid, lawyer expenses of loan amounting to 120.000.000 Euro and other expenses which are reflected to Componenta Oyj.

11. EQUITY-ACCOUNTED INVESTEES

Investment in associates:

As at 31 December 2015 and 31 December 2014, the details equity-accounted investees were as follows:

	31 December 2015		31 December 2014	
	Associate Share %	Associate Amount	Associate Share %	Associate Amount
Kumsan	25,10	3.916.227	25,10	3.727.580

For the year ended 31 December, movements of the equity-accounted investees are as follows:

	2015	2014
1 January - Investment in associates	**3.727.580**	**3.459.038**
Share of profit of equity-accounted investees	342.446	359.284
Dividends received	(75.300)	(90.360)
Foreign currency translation differences	(78.499)	(382)
31 December - Investment in associates	**3.916.227**	**3.727.580**

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

11. EQUITY-ACCOUNTED INVESTEES *(continued)*

Information related with the financial statements of Kumsan were as follows:

	31 December 2015		31 December 2014	
	Total assets	**Total liabilities**	**Total assets**	**Total liabilities**
Kumsan	16.978.235	1.375.739	16.596.713	1.745.796

	31 December 2015		31 December 2014	
	Revenue	**Net income**	**Revenue**	**Net income**
Kumsan	11.720.787	1.048.365	13.295.876	1.431.410

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

7. TANGIBLE ASSETS

For the years ended 31 December 2015 and 2014, movements of tangible assets were as follows:

	Lands	Buildings and land improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
Opening net carrying value, 1 January 2014	**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
Disposals	--	--	(21.265.645)	(43.167)	--	--	(21.308.812)
Foreign currency translation differences	(3.162.391)	(2.030.031)	(6.642.416)	(295.827)	(926)	(810.690)	(12.942.281)
Depreciation charge	--	(2.875.905)	(16.386.245)	(894.340)	(14.150)	--	(20.170.640)
Disposals from accumulated depreciation	--	--	15.338.594	43.167	--	--	15.381.761
Closing net carrying value, 31 December 2014	**77.030.714**	**48.761.205**	**159.306.934**	**7.389.206**	**18.798**	**21.243.911**	**313.750.768**
Opening net carrying value, 1 January 2015	**77.030.714**	**48.761.205**	**159.306.934**	**7.389.206**	**18.798**	**21.243.911**	**313.750.768**
Additions	8.501.429	665.414	28.272.586	3.010.813	--	46.490.640	86.940.882
Disposals	--	--	(41.349)	--	--	(2.125.263)	(2.166.611)
Foreign currency translation differences	8.587.447	5.539.527	18.356.490	1.015.735	1.718	5.054.000	38.554.917
Depreciation charge	--	(2.984.356)	(17.271.225)	(1.496.065)	(12.394)	--	(21.764.040)
Revaluation differences	(4.591.633)	(1.442.236)	--	--	--	--	(6.033.869)
Disposals from accumulated depreciation	--	--	41.349	--	--	--	41.349
Closing net carrying value, 31 December 2015	**89.527.958**	**50.539.554**	**188.664.785**	**9.919.689**	**8.122**	**70.663.288**	**409.323.396**
Net carrying value							
31 December 2014	77.030.714	48.761.205	159.306.934	7.389.206	18.798	21.243.911	313.750.768
31 December 2015	89.527.958	50.539.554	188.664.785	9.919.689	8.122	70.663.288	409.323.396

TL 23.015.036 (31 December 2014: TL 20.048.773) of the current period depreciation and amortisation expenses have been reflected to costs of goods sold and TL 993.091 (31 December 2014: TL 2.713.438) to operating expenses.

As of 31 December 2015, the net book value of leased assets is amounting to TL 41.014.011 (31 December 2014: 32.666.576).

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

12. INTANGIBLE ASSETS

For the years ended 31 December 2015 and 2014, movements of intangible assets were as follows:

	Rights	Total
Cost		
1 January 2014 opening balance	**17.650.133**	**17.650.133**
Additions	35.505	35.505
Translation Differences	(697.057)	(697.057)
31 December 2014 closing balance	**16.988.581**	**16.988.581**
1 January 2015 opening balance	**16.988.581**	**16.988.581**
Additions	3.373.692	3.373.692
Disposals	(8.001.206)	(8.001.206)
Translation Differences	932.689	932.689
31 December 2015 closing balance	**13.293.757**	**13.293.757**

	Rights	Total
Accumulated Amortization		
1 January 2014 opening balance	**5.036.610**	**5.036.610**
Additions	2.591.571	2.591.571
Translation Differences	(273.738)	(273.738)
31 December 2014 closing balance	**7.354.443**	**7.354.443**
1 January 2015 opening balance	**7.354.443**	**7.354.443**
Additions	2.244.087	2.244.087
Disposals	(1.240.060)	(1.240.060)
Translation Differences	(262.993)	(262.993)
31 December 2015 closing balance	**8.095.477**	**8.095.476**
Net carrying value		
31 December 2014	**9.634.138**	**9.634.138**
31 December 2015	**5.198.280**	**5.198.280**

13. GOODWILL

Goodwill is amounting to TL 3.602.934 as of 31 December 2015 (31 December 2014: TL 2.919.519). Goodwill has arisen due to the acquisition of Componenta UK shares in 2006.

	2015	2014
1 January	**2.989.519**	**2.919.110**
Translation Differences	613.415	70.409
31 December	**3.602.934**	**2.989.519**

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

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Short-term provisions:

As at 31 December 2015 and 31 December 2014, the details of other current provisions were as follows:

	31 December 2015	31 December 2014
Provisions for Litigation (*)	3.892.431	3.333.022
Accumulated Leave Provisions	890.805	873.178
	4.783.236	**4.206.200**

(*) 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 2015 and 2014.

As at 31 December 2015 and 31 December 2014, movement of provisions of the Group is as follows:

	1 January 2015	Additions	Foreign currency translation differences	Unutilized Portion/Utilization	31 December 2015
Provisions for Litigation	3.333.022	500.597	58.812	--	3.892.431
Accumulated Leave Provisions	873.178	92.856	(75.229)		890.805
Total	**4.206.200**	**593.453**	**(16.417)**	**--**	**4.783.236**

	1 January 2014	Additions	Foreign currency translation differences	Unutilized Portion/Utilization	31 December 2014
Provisions for Litigation	4.592.489	--	--	(1.259.467)	3.333.022
Accumulated Leave Provisions	550.374	322.804	--	--	873.178
Tax Penalty Provision	353.149	--	--	(353.149)	--
Total	**5.496.012**	**322.804**	**--**	**(1.612.616)**	**4.206.200**

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

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

b) Guarantee Letters, Pledges and Mortgages ("GPM") Given by the Group:

The Group's guarantee letters/ pledges/ mortgages (GPMs) position as at 31 December 2015 and 31 December 2014 were as follows:

31 December 2015	**Total TL equivalent**	**Original Currency TL**	**Original Currency US Dollar**	**Original Currency EUR**
A. GPMs given on behalf of the Company's legal personality	1.431.649.049	955.009.049	--	150.000.000
B. GPMs given in favour of subsidiaries included in full consolidation	--	--	--	--
C. GPMs given by the Company for the liabilities of third parties in order to run ordinary course of business	--	--	--	--
D. Other GPMs	--	--	--	--
i.GPMs given in favour of parent company	--	--	--	--
ii.GPMs given in favour of group companies not in the scope of B and C above	--	--	--	--
iii.GPMs given in favour of third-party companies not in the scope of C above	--	--	--	--
Other	--	--	--	--
Total GPMs	**1.431.649.049**	**955.009.049**	**--**	**150.000.000**
Other GPMs	**--**	**--**	--	--

Ratio of other GPMs given by the Group to the Group's equity is 369% as of 31 December 2015 (31 December 2014: 294%).

As at 31 December 2015, lender banks Vakıfbank, Halk Bankası, İş Bankası and Ziraat Bankası have first degree and first ranking mortgage in the amount of EUR 135.000.000 and second degree and first ranking mortgage in the amount of TL 200.000.000, pursuant to the participation ratio on all of the property, plant and equipment of the Group under the contract dated 13 August 2014. With amending agreement dated 17 June 2015, amount of existing mortgages have been increased on first degree and first ranking to TL 150.000.000 and second degree and first ranking to TL 300.000.000.

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

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

b) Guarantee Letters, Pledges and Mortgages ("GPM") Given by the Group *(continued)*

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, licenses and every kind of accessories, fixtures, essential part, syllabus and details without recourse, jointly and pursuant to the participation ratio. With amending agreement dated 17 June 2015, amount of existing commercial enterprise mortgage have been increased TL 600.000.000 with the same scope.

Letters of guarantees given which are amounting to TL 55.009.049 were composed of guarantees given to Customs Undersecretariat, customs offices, chamber of commerce, tax authorities, electricity and natural gas suppliers, raw material suppliers and law courts related with ongoing legal cases.

31 December 2014	Total TL equivalent	Original Currency TL	Original Currency US Dollar	Original Currency EUR
A. GPMs given on behalf of the Company's legal personality	1.000.889.394	620.094.894	--	135.000.000
B. GPMs given in favour of subsidiaries included in full consolidation	--	--	--	--
C. GPMs given by the Company for the liabilities of third parties in order to run ordinary course of business	--	--	--	--
D. Other GPMs	--	--	--	--
i.GPMs given in favour of parent company	--	--	--	--
ii.GPMs given in favour of group companies not in the scope of B and C above	--	--	--	--
iii.GPMs given in favour of third-party companies not in the scope of C above	--	--	--	--
Other	--	--	--	--
Total GPMs	**1.000.889.394**	**620.094.894**	--	**135.000.000**
Other GPMs	**--**	**--**	--	--

c) Letter of Guarantees Received:

	31 December 2015	31 December 2014
Guarantee letters received	8.673.111	4.966.884
Guarantee cheques and notes received	5.579.624	4.170.701
Total guarantees received	**14.252.735**	**9.137.585**

Letters of guarantees received consist of guarantees received from customers, suppliers and subcontractors.

d) Contingent Assets

The Group's operations for the periods between January 2007 and June 2010 were inspected in accordance with Stamp Tax Duty, Corporate Tax, Witholding Tax of Corporate Tax and Income Tax and Valued Added Tax and penalty and late payment amounting to TL 4.356.553 were declared for Corporate Tax and Value-Added Tax. The Group has paid this amount on 12 August 2013 and demanded cancellation of substantially payment and claimed a stay of execution.

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

15. PROVISIONS, CONTINGENT ASSET AND LIABILITIES *(continued)*

d) Contingent Assets *(continued)*

As the result of appeal submission, Supreme Court ruled in the Company's favor and consequently, all the amounts of case, overdue interests and late fees included TL 4.355.000 was refunded to the Company. TL 1.901.000 of this amount recognized in other operating income, TL 1.534.000 of this amount was recognized in finance income and TL 920.000 of this amount was recognized in tax income. The tax office's appeal submissions for cases numbered 2013/368-369-370 have been rejected; these cases will be handled by local court.

e) Contingent Liabilities

On 18 December 2015 it is announced by the Ministry of Finance that the Company's accounts and transactions of the periods of 2010, 2011, 2012, 2013, 2014 and 2015 will be examined based on tax regulations. Under this examination, the submission of management fee invoices and other information about these invoices organized by Componenta Ltd, is asked. According to this disclosure, on 22 December 2015 related accounts are reviewed by tax inspectors. As of the reporting date there are no such announcements regarding the result of the review. Based on the evaluation made by the company's management and consultants, as of the reporting date there are no need for provisions about this review.

16. EMPLOYEE BENEFITS

Long term provisions related to Employee Benefits

	31 December 2015	**31 December 2014**
Provision for employment termination benefits	31.576.834	25.269.994
	31.576.834	**25.269.994**

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 TL 3.828 for each year of service as of 31 December 2015 (31 December 2014: TL 3.438).

The liability is not funded in legally and there is no funding requirement.

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 2015	**31 December 2014**
Annual discount rate (%)	4,08	4,32
Turnover rate to estimate the probability of retirement (%)	95	95

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

16. EMPLOYEE BENEFITS *(continued)*

Long term provisions related to Employee Benefits *(continued)*

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 TL 3.828, which is effective from 1 January 2015 (1 January 2014: TL 3.438), has been considered in the calculation

For the year ended 30 June, movements of provision for employment termination benefits were as follows:

	2015	2014
1 January	**25.269.994**	**22.600.537**
Interest cost	1.909.562	2.266.250
Current year service cost	2.629.272	1.652.962
Actuarial loss	6.852.304	2.647.853
Foreign currency translation differences	(1.087.563)	255.096
Payments during the period	(3.996.734)	(4.152.703)
31 December	**31.576.834**	**25.269.994**

17. OTHER ASSETS AND LIABILITIES

Other current assets

As at 31 December 2015 and 31 December 2014, details of other current assets were as follows:

	31 December 2015	31 December 2014
Export registered VAT receivables	11.902.746	13.566.710
Deductible VAT	6.607.521	333.535
Other	309.740	4.962.571
	18.820.006	**18.862.816**

Other current liabilities

	31 December 2015	31 December 2014
Long Term VAT Receivables (*)	11.000.000	10.000.000
	11.000.000	**10.000.000**

(*) Long term VAT receivables are estimated to be collected in longer than a year in accordance with the Group's forecasts, thus represented in Other Fixed Assets as of 31 December 2015 and 2014.

Other short term liabilities

As at 31 December 2015 and 31 December 2014, details of other short term liabilities were as follows:

	31 December 2015	31 December 2014
Deferred Revenue	5.168.125	--
Expense accruals	326.133	4.754.304
Advance Receivables	246.343	--
Other	456.652	2.037.163
	6.197.253	**6.791.467**

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

18. SHAREHOLDER'S EQUITY

The Company applied registered capital system which is recognized by BIST registered companies. The company identified share capital amounting to TL 250.000.000 for registered shares with a nominal value of TL 0,01. The composition of the Company's statutory paid-in capital at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
Registered Capital (with historical value)	250.000.000	250.000.000
Approved by nominal value paid-in capital	66.844.800	66.844.800

The composition of the Company's statutory paid-in capital at 13 December 2015 and 31 December 2014 were as follows:

	31 December 2015	Shareholding Percentage (%)	31 December 2014	Shareholding Percentage (%)
Componenta Oyj	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 2014: 66.844.800.000 shares) each with the nominal value of Kr 0.1 as of 31 December 2015. The Company has no privileged shares.

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

Legal reserves

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. During the year 2015 the Group transferred TL 2.738.753 to legal reserves (31 December 2014: TL 51.884).

Dividend:

Publicly traded companies shall perform dividend distribution as stipulated by the Capital Market Board as below:

Based on CMB Decree No. 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2009. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No. IV-27, their articles of association and their previously publicly declared profit distribution policies. In regards to the profit distribution, in accordance with the decision of the General Assembly, the distribution of the relevant amount may be realized as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the Company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends from the profit made from operations are required to distribute the first dividend in cash.

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

18. SHAREHOLDER'S EQUITY *(continued)*

***Dividend** (continued)*

The Company distributes dividend in accordance with requirements in Turkish Commercial Code and Capital Market Regulations.

In accordance with the resolutions dated 24 March 2015 in the General Assembly of the Company, total TL 19.573.575 have been decided to be distributed (31 December 2014: None). TL 10.416.490 of total dividend distribution was paid in cash, TL 9.157.085 dividend was netted off with due from related parties

19. REVENUE

For the year ended 31 December, the details of revenue were as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Export sales	592.762.487	593.465.046
Domestic sales	201.477.792	168.229.358
Other sales	30.600.537	17.861.698
Sales revenue (gross)	**824.840.816**	**779.556.102**
Less: Discounts and returns	(23.276.591)	(19.548.182)
Sales revenue (net)	**801.564.225**	**760.007.920**
Cost of sales	(642.647.627)	(601.150.763)
Gross operating income	**158.916.598**	**158.857.157**

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

20. RESEARCH AND DEVELOPMENT EXPENSES; MARKETING, SALES AND DISTRIBUTION EXPENSES; GENERAL ADMINISTRATIVE EXPENSES

Research and development expenses:

For the year ended 31 December, the details of research and development expenses were as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Personnel	(3.508.357)	(2.758.857)
Research and Development Project Costs	(259.383)	(238.835)
Other	(224.923)	(210.715)
	(3.992.664)	**(3.208.407)**

Marketing Expenses:

For the year ended 31 December, the details of marketing, sales and distribution expenses were as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Insurance premiums related to freight and customs procedures	(22.669.298)	(28.990.440)
Packaging	(15.810.156)	(12.622.373)
License fees	(12.829.387)	(10.678.804)
Warehousing	(3.727.779)	(3.034.553)
Transportation	(2.861.190)	(3.210.492)
Personnel	(837.651)	(911.198)
Other	(3.023.271)	(711.243)
	(61.758.732)	**(60.159.103)**

General administrative expenses:

For the year ended 31 December, the details of general administrative expenses were as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Service charges by parent company	(18.540.952)	(18.439.010)
Personnel	(15.528.399)	(11.989.730)
Auditing and legal counseling expenses	(2.104.594)	(1.552.916)
Subcontractor expenses	(1.527.219)	(1.298.553)
Depreciation and amortization	(993.091)	(2.713.438)
Repair, maintenance and cleaning	(816.963)	(411.652)
Subscriptions	(509.273)	(692.978)
Taxes and stamp duty	(495.146)	(1.737.162)
Travel	(223.041)	(201.592)
Notification payments	(125.480)	(63.230)
Public holiday pay provision	(68.440)	(63.173)
Other	(5.741.802)	(4.877.921)
	(46.674.400)	**(44.041.355)**

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

21. EXPENSES BY TYPE

For the year ended 31 December, details of income from investing activities were as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Cost of Goods Sold	(23.015.036)	(20.048.773)
General Administrative Expenses	(993.091)	(2.713.438)
Depreciation and Amortization	**(24.008.127)**	**(22.762.211)**
Cost of Goods Sold	(151.355.069)	(117.569.476)
General Administrative Expenses	(15.528.399)	(11.989.730)
Research and Development Expenses	(3.508.357)	(2.758.857)
Marketing, Sales and Distribution Expenses	(837.651)	(911.198)
Personnel Expenses	**(171.229.475)**	**(133.229.261)**

22. OTHER INCOME/EXPENSES

Other operating income

For the year ended 31 December, details of other operating income were as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Other operating interest and foreign exchange income	15.760.043	29.937.593
Service charges to parent company (*)	3.356.086	1.627.321
Insurance damage incomes	867.849	935.989
Other	3.383.955	923.459
	23.367.933	**33.424.362**

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

Other operating expense

For the year ended 31 December, details of other operating expense was as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Other operating interest and foreign exchange loss	(4.792.996)	(31.279.579)
Rework expenses (**)	(4.069.765)	(2.898.519)
Tax penalty expense (*)	--	(349.349)
Diğer	(1.267.266)	--
	(10.130.026)	**(34.527.447)**

(*)The Group's operations between January 2007 and June 2010 from the perspective of stamp duty and corporate tax and stamp duty of corparate 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. The penalty amounting to 4.356.555 TL which paid at the date of 12 August 2013 has been returned.

(**) Rework expenses consist of licence fees paid in the previous years.

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

23. INCOME FROM INVESTING ACTIVITIES

For the year ended 31 December, details of income from investing activities were as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Interest Income	20.709.576	6.553.643
Gain on sale of tangible assets	10.418	--
Other	--	533.820
	20.719.994	**7.087.463**

24. FINANCIAL INCOME

For the year ended 31 December, details of financial income were as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Foreign exchange gain	27.138.625	41.073.091
Interest Income	1.796.382	3.697.038
	28.935.007	**44.770.129**

25. FINANCIAL EXPENSE

For the year ended 31 December, details of financial expense were as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Foreign exchange losses	(47.045.293)	(29.802.298)
Interest Expenses	(25.019.147)	(19.667.743)
Factoring expenses	(19.134.064)	(16.494.500)
Employee termination interest expense	(2.629.271)	(2.266.250)
Finance leasing interest expenses	(1.082.150)	(1.099.387)
Forward foreign exchange purchase transaction (*)	--	(956.561)
Other	(3.504.546)	(2.799.724)
	(98.414.471)	**(73.086.463)**

(*) Amount expressed above reflects financing cost which is resulted from forward contracts made through the year 2014.

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

26. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

As at 31 December 2015 and 31 December 2014, prepaid tax and income tax payable were comprised of the following:

	31 December 2015	31 December 2014
Corporate taxes payable	--	4.407.039
Prepaid taxes	(1.841.635)	(6.211.709)
Tax provision/(Prepaid tax)	**(1.841.635)**	**(1.804.670)**

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

In Turkey corporate tax rate for the fiscal year 2015 is 20% (2014: 20%). Corporate tax rate for the subsidiary of the Group in England is 24% (2014: 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 2014: 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 2015 and 2014 are as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Current period corporate tax expense	(2.817.506)	(4.407.039)
Collections from previous period tax penalties(*)	920.000	--
Deferred tax income/(expense)	15.782.759	(4.387.751)
Total tax income/(expense)	**13.885.253**	**(8.794.790)**

(*) See note 15.d.

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

26. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) *(continued)*

Deferred Tax Income:

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 2014: 20%). The tax rate applied to the Group's subsidiary in United Kingdom is 24% (31 December 2014: 24%).

The composition of cumulative temporary differences and the related deferred tax assets and liabilities calculated using the enacted tax rates at 31 December 2015 and 31 December 2014, were as follows:

	Cumulative Temporary Differences		Deferred Tax Assets/ (Liabilities)	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
Net difference between the tax base and the carrying value of property, plant and equipment and intangibles	105.172.650	105.622.133	(21.034.530)	(21.124.427)
Revaluation fund for land	19.979.193	24.641.297	(3.995.839)	(4.928.259)
Revaluation fund for land improvements and buildings	100.158.397	76.448.067	(5.007.920)	(3.822.403)
Provision for employment termination benefits and notification payments	(31.576.834)	(25.269.994)	6.315.367	5.053.999
Net difference between the tax base and carrying value of inventories	2.604.342	18.006.066	(520.868)	(3.601.213)
Timing differences in recognition of revenue	(3.900.836)	(1.845.430)	780.167	369.086
Legal provisions	(6.140.785)	(3.026.766)	1.228.157	605.353
Provision for doubtful receivables	(113.065)	(2.515.570)	22.613	503.114
Investment incentives	8.288.576	--	8.288.576	--
Other	956.591	6.952.581	(191.318)	(1.390.516)
Deferred tax liabilities - net			**(14.115.595)**	**(28.335.266)**

Movements of deferred tax liability can be analyzed as follows:

	2015	**2014**
1 January	**(28.335.266)**	**(25.655.599)**
Current period deferred tax income	15.118.240	(4.387.751)
Charged to equity	1.888.491	(529.571)
Foreign currency translation differences	(2.787.060)	2.237.846
31 December	**(14.115.595)**	**(28.335.266)**

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

26. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) *(continued)*

The reconciliation of the taxation on income in the consolidated statement of income for the periods ended 31 December 2015 and the taxation on income calculated with the current tax rate over income from continuing operations before tax is as follows:

	%	2015	%	2014
Income before tax		**11.311.685**		**29.475.620**
Tax expense calculated at legal tax	20,00	2.262.337	20	5.895.124
Effect of tax rate difference between England and Turkey	--	--	0,47	110.756
Effect of share in associates	0,47	52.628	(1,67)	105.914
Effect of disallowable expenses	11,21	1.268.298	--	--
Effect of discounts	(15,51)	(1.754.055)	0,95	779.643
Tax incentives (*)	(107,58)	(12.168.571)	--	--
Translation differences	(17,34)	(1.961.371)	--	2.410.912
Collections from prior period tax penalty	(8,13)	(920.000)	--	--
Other	--	--	0,87	(507.559)
Tax Provisions	**(116,88)**	**(13.220.734)**	**20,61**	**8.794.790**

(*) Tax incentives are related with investments for factory buildings, lands and production units in Manisa Industrial Zone.

27. EARNINGS PER SHARE

For 1 January - 31 December 2015 and 1 January - 31 December 2014 accounts terms, weighted average of Group's share and profit accounts for unit share:

	2015	2014
Average number of shares outstanding during the period (full value)	66.844.800.000	66.844.800.000
Net profit owned by Parent Company	24.532.419	20.680.830
Earnings per share with nominal value of TL 0.01(1 KR)	**0,3670**	**0.3094**

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

28. RELATED PARTY DISCLOSURES

a) Due from related parties:

i. Trade Receivables:

As of 31 December 2015 and 31 December 2014 trade receivables from related parties are as follows:

	31 December 2015	31 December 2014
Componenta Främmestad AB	123.807.114	68.163.856
Componenta Finland Oy Högfors	15.164.689	10.318.845
Componenta B.V.Weert Machine Shops	13.914.910	4.998.501
Componenta B.V.	7.927.799	7.128.121
Componenta Oyj	610.301	734.450
Other	--	4.969
	161.424.813	**91.348.742**

(*) Interest accrual is calculated by the Group for trade receivables in the rate of 12% annually and interest accrual amounting to 10.033.310 TL was recognized in the consolidated financial statements in 31 December 2015.

ii. Other Receivables:

a) Short term other receivables:

As of 31 December 2015 and 31 December 2014 short term other receivables from related parties are as follows:

	31 December 2015	31 December 2014
Financial receivables-Componenta Oyj (*)	104.494.693	69.302.957
Due from personnel	1.921.228	1.924.367
	106.415.921	**71.227.324**

b) Long term other receivables:

As of 31 December 2015 and 31 December 2014 long term other receivables from related parties are as follows:

	31 December 2015	31 December 2014
Financial receivables-Componenta (*)	206.544.000	211.552.500
	206.544.000	**211.552.500**

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

28. RELATED PARTY DISCLOSURES *(continued)*

b) Long-term Other Receivables *(continued)*:

(*) The aforementioned amount consists of loans lended to Componenta Oyj amounting to 75.000.000 Euro and allocated by Componenta UK Limited amounting to 13.867.414 GBP, total loan amount is 297.959.587 TL and their accruals amounting to 13.079.106 TL as of 31 December 2015. (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 maturity of loan lended to Componenta Oyj amounting to 75.000.000 Euro are: 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 2014: Annual effective interest rate of the loans lended to Componenta Oyj is 6,14% for Euro and 5,5% for GBP).

b) Due to related parties:

As of 31 December 2015 and 31 December 2014 trade receivables due to related parties are as follows:

	31 December 2015	**31 December 2014**
Componenta Oyj	4.319.119	14.776
Componenta Pietarsaari	161.144	2.838.919
Kumsan	160.413	289.831
Componenta Främmestad AB	107.207	--
Componenta B.V.	24.063	910.829
Componenta Finland Oy Högfors	9.287	15.634
Other	106.917	111.996
	4.888.150	**4.181.985**

c) Short term other payables to related parties:

As of 31 December 2015 and 31 December 2014 short term other receivables to related parties are as follows:

	31 December 2015	**31 December 2014**
Due to shareholders	23.653	23.653
	23.653	**23.653**

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

28. RELATED PARTY DISCLOSURES *(continued)*

d) Sales to related parties:

For the period of 31 December 2015 breakdown of sales to related parties are as follows:

	Trade Goods	Model	Service of Management	Total
Componenta Främmestad AB	100.801.391	3.000.663	--	103.802.054
Componenta Finland Oy Högfors	6.730.875	--	--	6.730.875
Componenta B.V.	927.363	--	--	927.363
Comp.B.V.Weert Machine Shops	7.092.565	24.934	--	7.117.499
Componenta Oyj	--	--	1.006.297	1.006.297
	115.552.194	**3.025.597**	**1.006.297**	**119.584.088**

For the period of 31 December 2014 breakdown of sales to related parties 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**

e) Goods and services received:

For the period of 31 December 2015 breakdown of the purchases from related parties are as follows:

	Cost of License	Service of Management	Other	Total
Componenta Oyj	8.568.880	15.486.747	**--**	24.055.627
Componenta B.V.	--	--	1.123.965	1.123.965
Kumsan A.Ş.	--	--	184.244	184.244
Componenta Pietarsaari	--	--	2.043.973	2.043.973
Componenta Fınland Ltd Pori	--	--	204.137	204.137
Componenta Karkkıla	--	--	113.755	113.755
Componenta Främmestad AB	--	--	403.098	403.098
	8.568.880	**15.486.747**	**4.073.172**	**28.128.799**

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

28. RELATED PARTY DISCLOSURES *(continued)*

e) Goods and services received (continued):

For the period of 31 December 2015 breakdown of the purchases from related parties are as follows:

	Cost of License	Service of Management	Other	Total
Componenta Oyj	8.637.434	19.979.505	--	28.616.939
Componenta B.V.	--	--	1.165.828	1.165.828
Kumsan A.Ş.	--	--	1.276.687	1.276.687
Componenta Pietarsaari	--	--	393.685	393.685
Componenta Karkkıla	--	--	182.644	182.644
Componenta Främmestad AB	--	--	13.250	13.250
	8.637.434	**19.979.505**	**3.032.094**	**31.649.033**

f) Financial Income:

	1 January- 31 December 2015	1 January- 31 December 2014
Componenta Oyj	19.814.551	16.054.848
Interest obtained from personnel	172.543	154.329
Dividend income	342.446	359.284
	20.329.540	**16.568.461**

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 2015	1 January- 31 December 2014
Short-term benefits	4.125.973	2.966.854
Other long-term benefits	326.872	227.123
Total	**4.452.845**	**3.193.977**

29. 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.

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

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

29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS *(continued)*

a) Interest rate risk *(continued)*

	31 December 2015	31 December 2014
Financial instruments with fixed interest rate		
Financial assets	104.615.442	30.421.286
Financial liabilities	(334.873.593)	(82.648.288)
	(230.258.151)	**(52.227.002)**

	31 December 2015	31 December 2014
Financial instruments with variable interest rate		
Financial assets	206.544.000	280.855.457
Financial liabilities	(199.109.205)	(309.192.367)
	7.434.795	**(28.336.910)**

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 2015, 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 4.557.246 (31 December 2014: TL 4.769.282).

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

29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS *(continued)*

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 2015 and 2014 is as follows:

31 December 2015	**Receivables**				
	Trade Receivables		**Other Receivables**		
	Related Parties	**Other Parties**	**Related Parties**	**Other Parties**	**Bank Deposits**
Maximum credit risk as of reporting date (*) (A+B+C+D+E)	**161.424.813**	**33.144.174**	**312.959.921**	**395.020**	**16.801.795**
Guaranteed portion of the maximum risk	--	3.055.000	--	--	--
A. Net book value of the assets that are not due or that are not impaired	33.961.075	29.996.042	312.959.921	395.020	16.801.795
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 İmpaired assets	127.463.738	3.148.132	--	--	--
- Guaranteed portion	--	--	--	--	--
D. Net book value of the assets impaired	--	--	--	--	--
Overdue (gross book value)	--	3.369.336			
İmpaired (-)	--	(3.369.336)			
Not due (gross book value)	--	--	--	--	--
İmpaired (-)	--	--	--	--	--
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.

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

29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS *(continued)*

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2014	**Related Parties**	**Other Parties**	**Related Parties**	**Other Parties**	**Bank Deposits**
Maximum credit risk as of reporting date (*) (A+B+C+D+E)	**91.348.742**	**35.939.588**	**282.779.824**	**335.812**	**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	335.812	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 İmpaired assets	51.750.505	11.594.056	--	--	--
- Guaranteed portion	--	--	--	--	--
D. Net book value of the assets impaired	--	--	--	--	--
Overdue (gross book value)	--	3.143.185	--	--	--
İmpaired (-)	--	(3.143.185)	--	--	--
Not due (gross book value)	--	--	--	--	--
İmpaired (-)	--	--	--	--	--
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.

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

29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS *(continued)*

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 224.856.837 Euro that the Group can utilize whenever needed, and a factoring agreement of 71 million Euro, 16,5 million Dollar and 135 million TL.

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

31 December 2015	Net Book Value	Agreed Total Cash Outflows	Less than 3 months	3-12 months	1-5 years	5-10 years
Non-derivative financial liabilities						
Short and long term borrowings	505.849.974	533.667.647	99.222.887	159.847.523	220.136.800	54.460.437
Finance lease liabilities	28.132.824	30.695.864	2.953.961	9.545.852	18.196.051	--
Trade payables	119.666.646	119.677.427	119.677.427	--	--	--
Other payables	1.135.185	1.135.185	1.135.185	--	--	--
Other liabilities	6.197.252	6.197.252	6.197.252	--	--	--
Total	**660.981.881**	**691.373.375**	**229.186.712**	**169.393.375**	**238.332.851**	**54.460.437**

31 December 2014	Net Book Value	Agreed Total Cash Outflows	Less than 3 months	3-12 months	1-5 years	5-10 years
Non-derivative financial liabilities						
Short and long term borrowings	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	--
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	**507.503.602**	**596.043.015**	**179.113.440**	**90.940.084**	**57.321.302**	**268.668.190**

29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS *(continued)*

c) Liquidity Risk *(continued)*

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 2015 and 2014. Book value of foreign currency denominated assets and liabilities held by the Group are as follows:

29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS *(continued)*

FOREIGN CURRENCY POSITION TABLE	31 December 2015					31 December 2014				
	TL Equivalent (Functional currency-Euro)	USD	TL	GBP	Other	TL Equivalent (Functional currency-Euro)	USD	TL	GBP	Other
1. Trade Receivables	39.287.795	20.060	3.670.958	8.268.075	--	1.255.445	219.936	745.435	--	--
2a. Monetary Financial Assets (including Cash, Banks accounts)	10.881.627	881	10.877.281	415	--	6.983.094	639.192	133.912	1.492.439	--
2b. Non-monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
3. Other	--	--	--	--	--	--	--	--	--	--
4. Current Assets (1+2+3)	**50.169.422**	**20.941**	**14.548.239**	**8.268.490**	**--**	**8.238.539**	**859.128**	**879.347**	**1.492.439**	**--**
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)	**50.169.422**	**20.941**	**14.548.239**	**8.268.490**	**--**	**8.238.539**	**859.128**	**879.347**	**1.492.439**	--
10. Trade Payables	82.048.585	1.263.450	77.738.386	114.877	48.685	62.511.977	1.722.435	57.756.212	211.788	--
11. Financial Liabilities	27.774.900	--	27.145.791	146.285	--	13.413.299	--	13.413.299	--	--
12a. Other Monetary Liabilities	(4.037.450)	--	--	(938.789)	--	(3.094.681)	--	--	(860.566)	--
12b. Other Non-monetary Liabilities	--	--	--	--	--	--	--	--	--	--
13. Short-term Liabilities (10+11+12)	**105.786.035**	**1.263.450**	**104.884.180**	**(677.627)**	**48.685**	**72.830.595**	**1.722.435**	**71.169.511**	**(648.778)**	**--**
14. Trade Payables						--	--		-	--
15. Financial Liabilities	--	--	--	--	--	13.486.253	--	13.486.253	-	--
16a. Other Monetary Liabilities	--	--	--	--	--	--	--	--	--	--
16b. Other Nonmonetary Liabilities	--	--	--	--	--	--	--	--	--	--
17. Long-term Liabilities ((14+15+16)	--	--	--	--	--	**13.486.253**	**-**	**13.486.253**	**--**	--
18. Total Liabilities (13+17)	**105.786.035**	**1.263.450**	**104.884.180**	**(677.627)**	**48.685**	**86.316.848**	**1.722.435**	**71.169.511**	**(648.778)**	--
19. Net Asset / (Liability) Position of the Off- Balance Sheet Foreign Exchange Based Derivaties (19a-19b)	--	--	--	--	--	--	--	--	--	--
19a. The Amount of the Asset Type Off-Balance-Sheet Foreign Exchange Based Derivatives	--	--	--	--	--	--	--	--	--	--
19b. The Amount of the Liability Type Off-Balance-Sheet Foreign Exchange Based Derivatives	--	--	--	--	--	--	--	--	--	--
20. Net Foreign Exchange Asset / (Liability) (9-18+19)	**(55.616.613)**	**(1.242.509)**	**(90.335.941)**	**8.946.117**	**(48.685)**	**(78.078.309)**	**(863.307)**	**(83.776.417)**	**2.141.217**	**--**
21. Net Foreign Exchange Asset / (Liability) Position of the Monetary Item (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16)	**(55.616.613)**	**(1.242.509)**	**(90.335.941)**	**8.946.117**	**(48.685)**	**(78.078.309)**	**(863.307)**	**(83.776.417)**	**2.141.217**	**--**
22. Foreign Currency Hedging	--	--	--	--	--	--	--	--	--	--
23. Total Exports	**60.407.641**	**2.025.987**	--	**12.676.281**	--	**3.529.124**	**1.521.896**	--	--	--
24. Total Imports	**76.732.873**	**25.912.532**	**1.012.058**	**87.785**	--	**63.864.757**	**27.518.869**	**--**	**2.984**	**17.319**

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

29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS *(continued)*

	31 December 2015			
	Profit/ Loss		Shareholder's Equity	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**	**Appreciation of Foreign Currency**	**Depreciation of Foreign Currency**
%10 change in USD against EUR				
1. USD net asset/liability	(330.575)	330.575	--	--
2. Hedged from the USD risk (-)	--	--	--	--
3. USD Net Effect (1+2)	**(330.575)**	**330.575**	**--**	**--**
%10 change in TL against EUR				
4.TL net asset/liability	(9.078.545)	9.078.545	--	--
5. Hedged from the TL risk (-)	--	--	--	--
6. TL Net Effect (4+5)	**(9.078.545)**	**9.078.545**	**--**	**--**
%10 change in GBP against EUR				
7.GBP net asset/liability	3.847.456	(3.847.456)	--	--
8. Hedged from the GBP risk (-)	--	--	--	--
9. GBP Net Effect (7+8)	**3.847.456**	**(3.847.456)**	**--**	**--**
TOTAL (3 + 6 +9)	**(5.561.663)**	**5.561.663**	**--**	**--**

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

29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS *(continued)*

	31 December 2014			
	Profit/ Loss		Shareholder's Equity	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**	**Appreciation of Foreign Currency**	**Depreciation of Foreign Currency**
	%10 change in USD against EUR			
1. USD net asset/liability	(200.192)	200.192	--	--
2. Hedged from the USD risk (-)	--	--	--	--
3. USD Net Effect (1+2)	**(200.192)**	**200.192**	--	--
	%10 change in TL against EUR			
4.TL net asset/liability	(8.377.642)	(8.377.642)	--	--
5. Hedged from the TL risk (-)	-	-	--	--
6. TL Net Effect (4+5)	**(8.377.642)**	**(8.377.642)**	--	--
	%10 change in GBP against EUR			
7.GBP net asset/liability	770.003	(770.003)	--	--
8. Hedged from the GBP risk (-)	-	-	--	--
9. GBP Net Effect (7+8)	**770.003**	**(770.003)**	--	--
TOTAL (3 + 6 +9)	**(7.807.831)**	**7.807.831**	--	--

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

29. 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 2015	**31 December 2014**
Financial liabilities	533.982.798	391.840.655
Less: Cash and cash equivalents (Note 4)	(16.803.959)	(30.421.286)
Net liability	517.178.839	361.419.369
Total equity	378.249.720	340.100.272
Financial liabilities/equity ratio	**137%**	**106%**

30. EVENTS AFTER THE REPORTING PERIOD

None.