



BRISA

**2013
ANNUAL
REPORT**

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*Our journey
has started with a desire.*



1988 - 2013 | 25周年

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DEVELOPMENTS AND OPERATIONS IN 2013

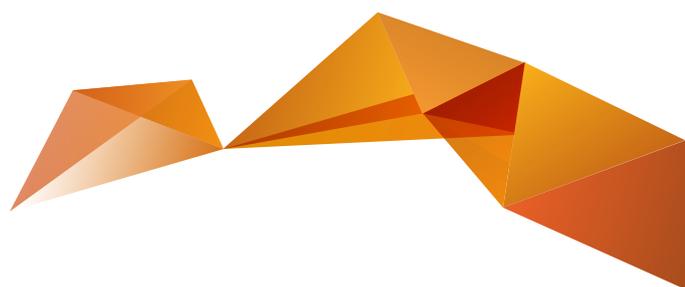
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OUR JOURNEY HAS STARTED WITH A DESIRE

Every success story begins with a desire. When we started working on the foundation of Brisa 25 years ago our desire was to add value to the stakeholders of Brisa.

We had tough turns on our way, we climbed slopes but our goal to add value to the future has always lightened our way.

And today Brisa has exceeded Kocaeli borders. We are excited about our second factory. We are creating new ideas in order to develop and disseminate our efforts in environmental and social sustainability.

We are enjoying the joy of witnessing our 25 year's old desire to take wing...

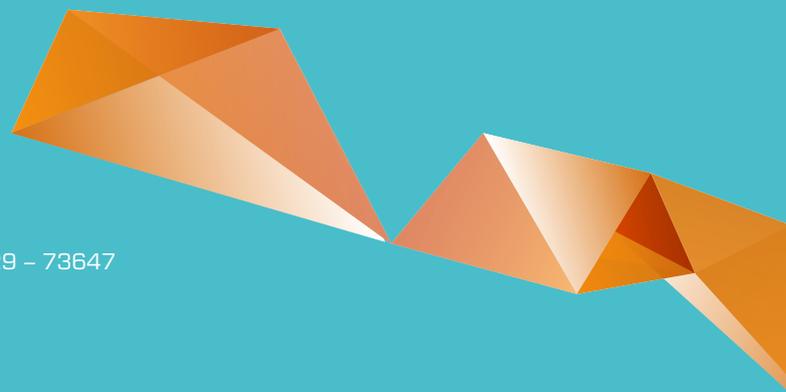


Reporting Period

January 1st 2013 - December 31st 2013

Name of Partnership / Commercial Registry No.

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. / 126429 – 73647



AGENDA OF THE ORDINARY GENERAL ASSEMBLY

- 1 Opening and election of Presiding Committee
- 2 Reading of and discussions on the Board of Directors' Annual Report of 2013
- 3 Reading of and discussions on Auditor's Report of 2013
- 4 Informing the General Assembly about the Donations took place in 2013
- 5 Approval of the Dividend Policy
- 6 Reading of and discussions on Financial Statements and the approval
- 7 Approval of the members of the Board of Directors elected to fill the vacancy in the board during the year for the remaining unexpired term
- 8 Release of the Board of the Directors for the activities of the Company in 2013
- 9 The planning of how to use the 2013 Profit, determining the dividend ratios
- 10 Determination of the limits of the donations that will take place in 2014
- 11 Election of the Auditor to audit the Financial Statements and Reports of 2014 according to the Turkish Commercial Code No.6102 and the Capital Markets Code No.6362
- 12 Approval of the amendment of the Article 14 and 28 of Company's Articles of Association in accordance with the permission of the Republic of Turkey Prime Ministry Capital Markets Board and the Republic of Turkey Ministry of Customs and Trade.
- 13 Giving the permission to the Chairman of the Board and Board Members to act in accordance with the Turkish Commercial Codes No.395 and No.396.

Meeting Date: March 21st 2014. Friday

Meeting Time: 10.00

Meeting Place: Sadika Main Hall

Sabancı Center Tower 2

4. Levent/İstanbul





INDEPENDENT AUDIT REPORT FOR ANNUAL ACTIVITY REPORT

To the Brisa Bridgestone Sabanci Tire Manufacturing and Trading Inc. Corporate Board,

1. We, as a part of our independent audit, evaluated the consistency of the financial statements in the Brisa Bridgestone Sabanci Tire Manufacturing and Trading Inc. ("The Company") annual activity report dated 31st December 2013 and the considerations and statements of the Corporate Board with the independently audited financial tables of the same date.
2. It is the Company's responsibility to have the annual activity report that is subject of this report prepared in accordance with the Regulation Related to the Determination of the Minimum Content of the Companies' Annual Reports.
3. As the independent auditing firm, our responsibility is to express opinion on the consistency of the financial statements in the annual activity report with the independently audited financial tables that are subject to the independent audit report dated 26th February 2014.

Our evaluation is realized in accordance with the principles and procedures concerning the preparation of the annual report regulated by the Turkish Commercial Code ("TCC") no.6102. These regulations envisage that the audit will be planned and conducted with a view to provide reasonable assurance regarding the reliability of the consistency of the financial statements in the annual activity report with the independently audited financial tables and the information the auditor gained through the audit. We believe our evaluations form reasonable and adequate basis for our opinion.

4. According to our opinion, the financial statements in the attached annual report and the considerations and statements of the Corporate Board show consistency with the Brisa Bridgestone Sabanci Tire Manufacturing and Trading Inc.'s independently audited financial tables to the date of 31st December 2013.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED



Ömer Tanrıöver, SMMM
Responsible Auditor
Istanbul, February 26th 2014





In addition to our İzmit Facility with an annual production rate of **11 million**, we started the construction of our second factory at the Aksaray Organized Industry Zone.

Esteemed Shareholders,

Brisa, holding its position as a leading tyre producer in our country, was established 25 years ago today with the strategic partnership of Sabanci Holding and Bridgestone, one of the prominent tyre manufacturers in the world. Before I analyze the financial performance of Brisa on this very important milestone, I would like to analyze the economic conjuncture both from a national and a global point of view.

The past 2013 year was a difficult year to face serious issues not only in the world but also in Turkey. As the economic crisis continues at the European Union, precautions of Federal Reserve Bank have ensured a recovery in the American economy. However, global financial markets have been greatly affected. The speed of growth in China has shown a sign of a slowdown as global growth still significantly comes from emerging countries.

The global developments in 2013 show us that 2014 will go by searching for stability in economy and international relations. In this respect, we could anticipate positive developments in permanency of global politics.

In Turkey, we see that 2013 has been a year that witnessed both positive developments and seen difficulties. It is promising that the growth has increased by 1,5 points compared to 2012, and reached to almost 4 % as expected. Having said that, the fluctuations in currency has effected adverse the business areas with foreign currency input.

With all these developments we strongly believe that, the domestic savings rate of Turkey will increase, the investments will get stronger, and the national income and the growth rate in employment will speed up without creating a budget deficit. We hope that 2014 will strengthen and lead our way to a rapid and continuous growth as well as a more content society as we are walking through to our 2023 objectives firmly.

Esteemed Stakeholders,

As Brisa, our mission being “to present added values to the society with sustainability”, we provide efforts for Turkey to reach its goals with our employees, business partners and you.

We completed the 25 years of existence of Brisa in 2013 that we left behind. Brisa has successfully completed 25 years of privileged experiences provided to Turkey and to the people of Turkey with countless firsts, with projects that aims to exceed the previous achievements; with awards that crowns outstanding quality understanding and customer orientation. It makes us very happy to grow as we increase our profitability and execute our plans in this very proud year.

Brisa presented a superior performance in 2013 compared to the previous year by increasing its sales by 5% reaching 1.489 million TL, as well as increasing its net profit for the year by 51% reaching 144 million TL.

Without any doubt the most important development of 2013 for Brisa is to announce opening of our second factory in Aksaray Organized Industrial Zone additional to our production facility in Izmit that has the capacity of manufacturing 11 million units a year. With our strong faith in the potential of the Turkish tyre market progress, we will build 120.000sqm of entire 950.000sqm at the first stage. We will manufacture passenger and light commercial vehicle tyres. We aim to start the construction of the factory in 2015 and to put into use the factory with 4,2 million units production capacity by 2018.

Another important development that makes us proud is the announcement of a level sustainability report according to GRI (Global Reporting Initiative) system that is shared with the public opinion. The report includes the efforts of Brisa in 2012 and 5 years prior to that in particular in the areas of sustainability. Our company has the priority to create value for its stakeholders. Reporting the sustainability efforts will bring new opportunities to our company.

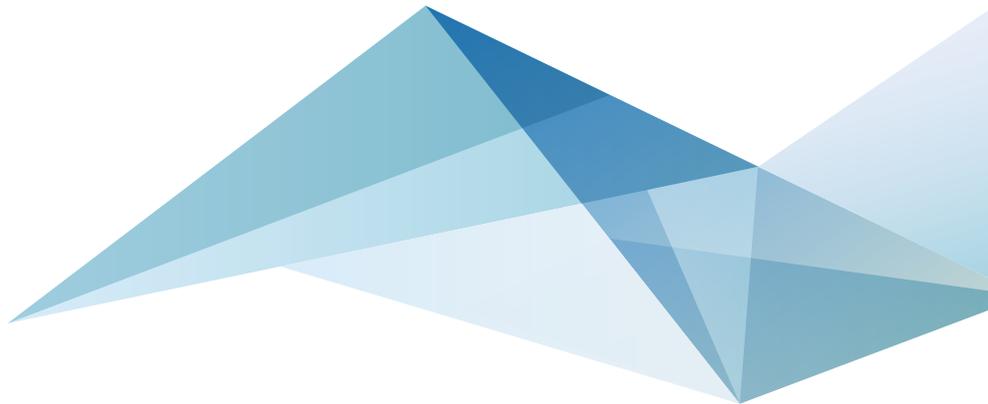
Brisa has started 2014 with the excitement of its second factory investment and will continue its growth. Brisa will continue its investment in the frame of business enriching, innovative services, outstanding quality to provide product portfolio in order to present perfect customer experience in Turkey as well as operating in international markets aiming to increase its product line working in partnership with Lassa in deepening in existing markets and developing opportunities in new markets.

I would like to congratulate everyone who contributes in this sublime results achieved in accordance with our company vision “to design the best journey ahead” as Brisa is reaching future with firm steps. I believe with all my heart that the entire Brisa family will keep on working to deliver same performance in the coming years with your precious support.

Best regards,

Güler Sabancı

Chairman of the Board



Brisa in Brief

Every kilometer of our 25 years of journey consists of uncountable success stories, enterprises reflecting our far sighted character and countless projects shaping the future.

The first fruits of our company that has been established in 1974 with the initiative of Sabanci Holding and its partners are Lassa branded tyres that we started producing since 1978. We took the "Brisa" name with the partnership of the world's tyre sector leader Bridgestone and Sabanci Holding in 1988. Thus, our journey of 25 years in which we fit in countless successful ventures has commenced.

After recording a significant growth in 1990's, our first years, we succeeded to take our place among the leading companies of Turkish industry. In 1993, we became the first Turkish company that has won Turkey's First National Quality Award. And then, in 1996, we collected the EFQM European Quality Award for its superior performance in pursuing business excellence.

In 2010, we acquired the Turkish operations of Bandag, an American-based tyre trading company from Bandag AG, the European subsidiary of Bridgestone Corporation and extended our service portfolio while offering a cost advantage to the transport sector. This service also contributes to increase a tyre's life and environmental protection.

Since the beginning of 2013, we extended our product range by signing a distributorship agreement with world's leader battery brand Energizer and Italian accessory brand Bottari.

Today, we are one of the largest tyre factories under one roof in the world and the seventh largest tyre producer in Europe. Under the Bridgestone and Lassa brands, we produce around 1.400 different type of tyres for cars, light commercial vehicles, buses, trucks, tractors and construction equipment, at international standards in terms of quality and safety. The Company also imports Bridgestone motorcycle tyres and Firestone branded agriculture tyres.

While transporting its product range the domestic market through 930 authorized sales points spreading all over Turkey, tyres produced under the Lassa brand with Brisa manpower reach vehicle owners in more than 60 countries. We also provide car manufacturers such as Renault, Toyota, Ford, Fiat, Honda, Hyundai, Mercedes Benz, BMC, Temsa, Isuzu, Otokar, Karsan, Türk Traktör and MAN with Lassa and Bridgestone products as the original equipment tyre category.

We are working in order to add value to the journeys as well as actualizing many services that provides a significant competitive edge in the market with innovative approach and customer focus. "Otopratik" and "Propratik" shops that provides vehicle owners wide variety of products and services from a single focal point, www.lastik.com.tr website that ensures passenger cars and light commercial vehicles tyre mounting with appointment, "Tyre Hotel" service that allows to keep the unused tyres under the appropriate condition with guarantee, "Mobilfix" service that offers maintenance service on the spot to the heavy commercial vehicles with "Profleet" fleet management solution in which we provide 360 degrees consulting to the commercial vehicle fleets are some examples of our endeavors aiming to perfect customer experience.

In 2013 Brisa ranked 50th in the ISO 500 in the largest international industrial companies list, and placed 36th with 131 million USD by international brand rating firm Brand Finance in its "Turkey's Most Valuable Brands Survey." Brisa has also increased its ranking from 77th to 75th at the "Fortune 500 Turkey" list. Bridgestone brand which is produced and released to the market by Brisa is ranked as "World's most valuable Tyre Brand" by the leading brand evaluation and consulting firm Brand Finance.

Our investments are for a livable world

Our priority is to add value to the environment with methods to accord with nature's balance by decreasing CO2 emissions in order to be able answer our customer's needs, with our understanding of sustainability while producing high quality products around the world in many different geographies, different road and climate conditions.

We drew up a sustainability report at an A level according to the GRI (Global Reporting Initiative) system about our sustainability efforts including 2012 and 5 years prior to share our understanding and our determination in upcoming years with the public opinion.

In addition to our efforts on sustainability in 2013 we signed Global Compact. We commenced "Let Cranes Fly" project together with WWF-Turkey (World Wild Life Fund) aiming to provide continuance to the crane population to contribute to the biological variety for the first time.

We had many new beginnings in 2013. One of the most important one is Brisa Academy that will continue its trainings in accordance with the understanding of sustainability in a new building. Brisa Museum which is our present to the coming generations will also take place in the same building.

Today we are a family of 1.818 people. A family dedicated to the bright future... As we leave behind a quarter-century our biggest pride, our investments and successes, what makes Brisa a market leader for 25 years in Turkey, our faith in ourselves, unshakeable bonds and our respect to our heritage.

Cranes, the wings of hope...

We accepted our 25th year as a year of hope. We placed 1000 cranes that we folded up with origami techniques with the wishes of bright future both for Brisa family and entire Turkey at Brisa Museum which is recently opened.

We wanted to present hope for tomorrow from today..

2013 WAS OUR YEAR

We completed our 25th anniversary
with investments worth **900 million USD.**

SECOND FACTORY

SUSTAINABILITY REPORT

FIRST PROPRATIK STORE

BRISA MUSEUM

LET THE CRANES FLY FOREVER PROJECT

TURANZA T001

PROFLEET

MOBILFIX



Capital and Shareholding Structure

We continue to grow with our strong partnerships and capital.

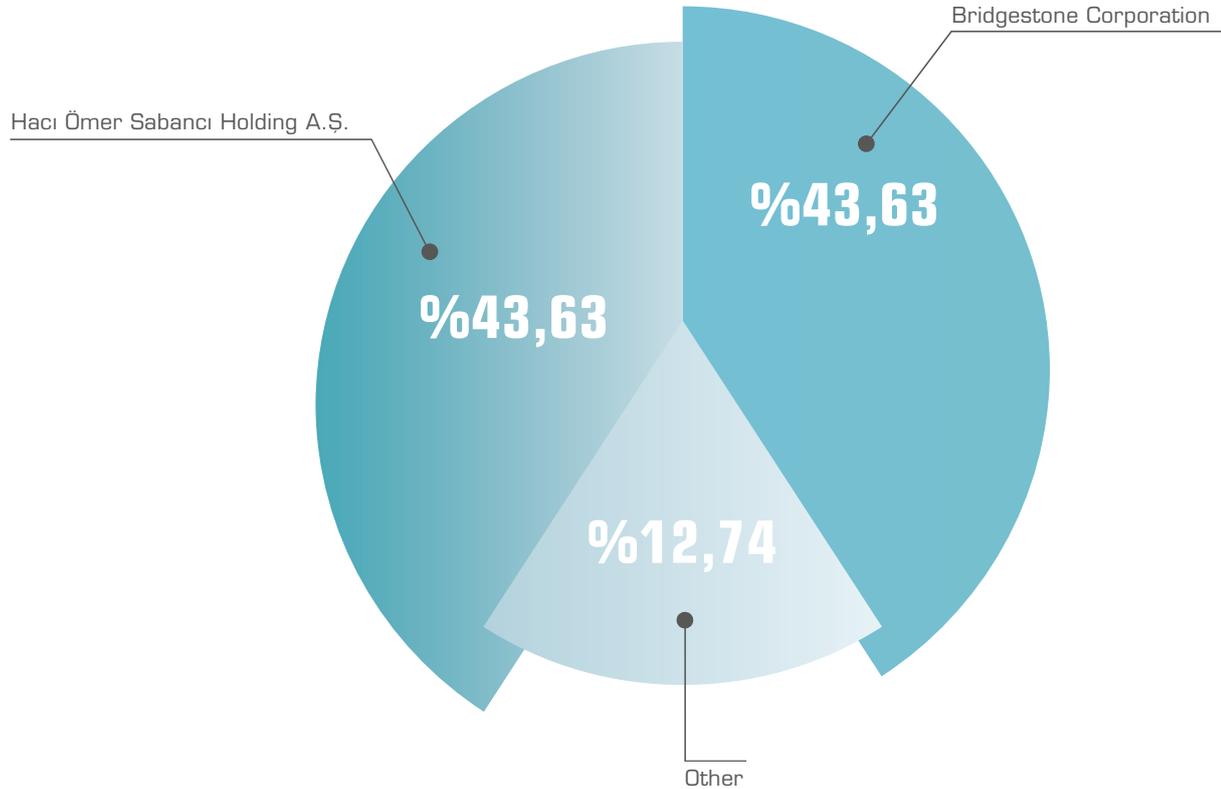
Authorized Capital: 400.000.000.-TL

Issued Capital: 305.116.875.-TL

Company Shareholders with More than 10% of Its Capital

SHAREHOLDER	SHARE AMOUNT (TL)	CAPITAL RATIO (%)	VOTING RIGHT	VOTING RIGHT RATIO (%)
Hacı Ömer Sabancı Holding A.Ş.	133.111.388	43,63	13.311.138.806	43,63
Bridgestone Corporation	133.111.388	43,63	13.311.138.806	43,63
Other	38.894.099	12,74	3.889.409.888	12,74
Total	305.116.875	100,00	30.511.687.500	100,00

In accordance with Corporate Governance Principles, each share holds one voting right at the General Assembly. There are no privileged voting rights.



CONTINUE TO GROW WITHOUT A BREAK

2013 **144 MILLION TL NET PROFIT**

2012 **95 MILLION TL NET PROFIT**

2011 **72 MILLION TL NET PROFIT**



MISSION, VISION AND CORPORATE VALUES

Our Mission

To provide superior values to society through sustainable growth.

Our Vision

To create the best journey ahead.

Our Values

Safety, innovation, customer orientation, teamwork, business excellence and sustainability

Our Ethical Approach

Honesty

We establish our relationship with our employees and stakeholders based on transparency and honesty.

Confidentiality

We watch over the confidentiality of personal information of our clients, employees and other parties that we work with.

Conflict of interest

We use our Sabancı identity not for our personal interests but to dignify our cooperate sprit.

Responsibility

Our responsibility is not only to our own business and partners, but also for the benefit of the whole society and humanity.



COMPARED TO 2012
WE REACHED A SALES OF
1.489 MILLION TL
WITH A **5% INCREASE**
IN TOTAL SALES.

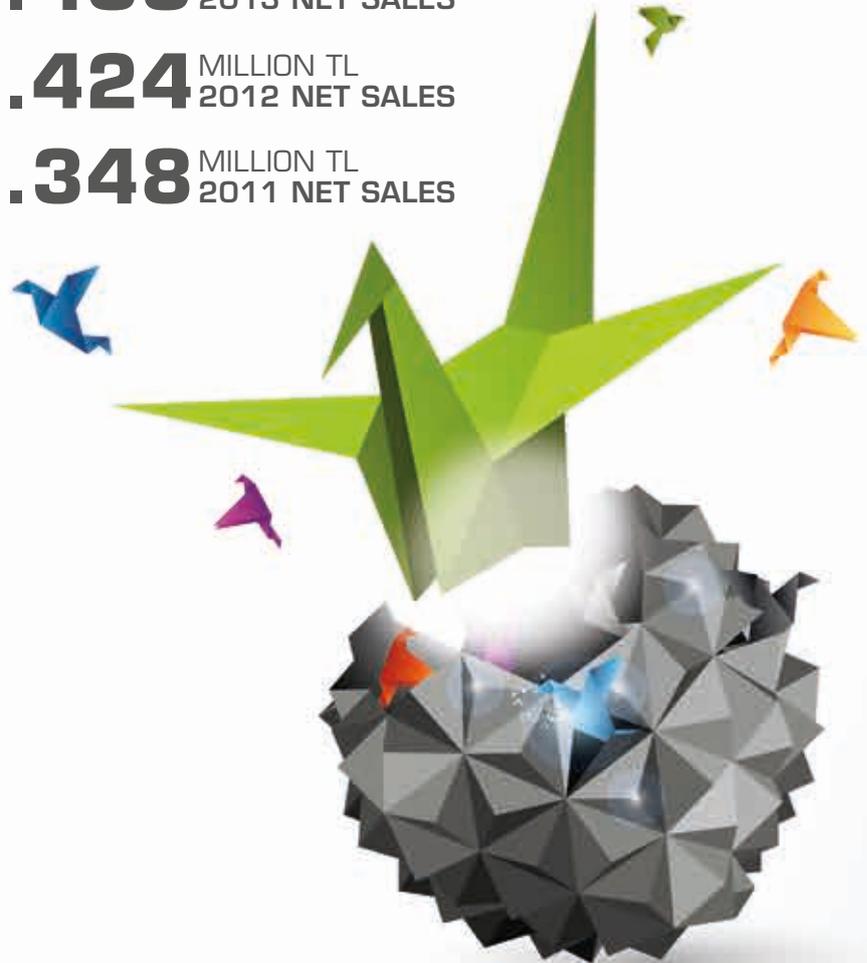
**THINKING BIG IS
A NECESSITY
TO GROW.**

How big is a firm is measured by its future aims, its loyalty to ethical values and its past experiences.

1.489 MILLION TL
2013 NET SALES

1.424 MILLION TL
2012 NET SALES

1.348 MILLION TL
2011 NET SALES



MILESTONES

Brisa is implementing important developments in order to preserve its competitive structure.

70's



Watch
the TV
ads

1974

Incorporation of Lassa Lastik Sanayi ve Ticaret A.Ş.

Signing of two agreements covering technical assistance and engineering services between Lassa and the BF Goodrich Company

1975

Selection of the first Lassa logo via a creativity competition.

Dealer network launches with authorization of 186 dealerships across 60 provinces.

Lassa becomes the Country Representative for BF Goodrich and LİSA Lastik İthalat ve Satış A.Ş. starts importing tyres of this brand.

1977

Test-production starts at the manufacturing plant.

First comprehensive TV and press promotional campaign begins.

1978

Mass production of Lassa Lastik Sanayi ve Ticaret A.Ş. commences.

First Convention of Lassa Dealers is organized.

1979

The Company reports profit for the first time.

Production of the first steel-belted radial passenger tyres in Turkey starts.

Production of the 1 millionth Lassa tyres.

Establishment of Lassaspor (today named Brisaspor).

80's



Watch
the TV
ads

1980

Production of the first radial snow tyres in Turkey starts.

Production of the Loder, the biggest local off the road tyre in Turkey, begins.

1983

Production of the first steel-belted van/ light truck tyres in Turkey commences.

1985

Production of the first wide tread tyre in Turkey starts.

Production of Turkey's first Economic Commission for Europe (E.C.E.) certified tyres begins.

1986

Number of dealers reaches 550

1987

Since Lassa's incorporation, export sales have amounted to 5 million tyres in 32 countries.

1988

Signing of the joint venture agreement between Bridgestone Corporation and Sabancı Holding; the name of the Company changes to BRİSA Bridgestone Sabancı Tyre Manufacturing and Trading Inc.

ARGESA facilities start to operate in full capacity.

1989

Following the new Bridgestone Corporation and Sabancı Holding partnership, the groundbreaking takes place for supplementary production facilities.

Test-production of radial passenger and radial bus/truck tyres starts at the new plant.

Establishment of Bridgestone dealer network

90's



Watch
the TV
ads

1990

The new manufacturing plant begins mass production.

Brisa adopts Total Quality Management (TQM).

1991

Production of Turkey's first 60 series tyre (RE 88) starts.

Celebration of the First National Quality Day
With the launch of Bridgestone tyre export from Turkey, Brisa becomes one of the global production hubs for Bridgestone products.

Production of the first H-rated (210 km/h) high performance passenger tyre in Turkey begins.

Launch of bus/ truck steel-belted radial tyres

1992

Production of the first V-rated (240 km/h) high performance passenger tyre in Turkey commences.

ISO 9001 Quality Assurance Standards certification

1993

Brisa receives Turkey's first "National Quality Award" given jointly by the Turkish Industrialists' and Businessmen's Association (TUSIAD) and the Quality Association (KALDER).

Brisa Suppliers Convention is organized.

1995

First tyre sales to the European automotive industry

Installation of Turkey's first Online Dealer Information System

The "Tyre Service Center" commences service at the Istanbul Grand Terminal.

Total annual tyre production exceeds 4 million units, with the export of 2 million units.

Brisa becomes a Member of the European Foundation for Quality Management (EFQM) Board of Directors.

BS 7750 Environmental Management Systems certification

1996

Brisa wins the "European Quality Award," given by the European Foundation for Quality Management (EFQM).

Bridgestone Corporation names Brisa the "Best Managed Company."

Brisa receives the "Green Chimney Award" from the Kocaeli Chamber of Industry and the first "Technology Development Award" given by the Istanbul Chamber of Commerce.

ISO 14001 Environment Management Systems standards certification

Brisa receives the "Best Performing Supplier Award" from the Automotive Industrialists Association.

1997

Brisa shares its Business Excellence experience, which leads the Company to the European Quality Award, through 22 programs in 20 countries within the framework of the European Foundation for Quality Management (EFQM) Winners Conference.

1998

Realization of 21 training programs under the title "Brisa Shares Quality"

Activation of bilingual (Turkish, English) website

1999

QS 9000 Quality Systems in Automotive Sector Certification.

Brisa's Tyre Testing Laboratory becomes the first to receive certification from the Turkish Standardization Institute (TSE) within the framework of EU Directives.

Brisa receives Toyota's "Top Scoring Supplier Award."

2000's



Watch
the TV
ads

2000

The Road Assistance Service, a pioneering development for the tyre market, launches.

2001

Launch of the first 4x4 vehicle tyre (Lassa Competus) in Turkey.

Establishment of the Brisaspor Women's Cycling Team.

2002

Introduction of the Enterprise Resource (BSS) Planning System (SAP) and Dealer Information System, a B2B project, marking another pioneering move in tyre industry

2003

ISO/TS 16949: 2002 Certification for Quality Systems in the Automotive Sector

Production of Turkey's first asphalt rally tyre starts.

TS-ISO 9001: 2000 Certification for Quality Management Systems standards

2004

Brisa receives Toyota's 2003 "Best Scoring Supplier Award."

Brisa wins MAN's "Top Scoring Supplier Award."

Production of Turkey's first gravel rally tyre starts. Production of the first W-rated (270 km/h) ultra-high performance passenger tyre (Lassa Impetus Sport) in Turkey begins.

Certification of Brisa Tyre Testing Laboratory for TS EN ISO/EC 17025 Standard for "General Conditions to Qualification for Testing and Calibration Laboratories."

Brisa receives the TSE "Quality Award".

Product and System Certification (CCC) from the Chinese Quality Center (CQC)

2005

Production of the first W-rated (18-inch diameter) ultra-high performance passenger tyre (Lassa Impetus Sport) in Turkey starts.

Turkey's leading tyre manufacturer Brisa launches a USD 168 million capital investment program to construct new facilities; with the addition, the Company's total plant area rises to 300.000 m² resulting in 50% growth.

Brisa obtains ISO 14001: 2004 certification, the latest version of Environment Management Systems standards.

A press conference takes place with Formula 1 champion Michael Schumacher at the Turkish Formula 1™

Grand Prix, which is held for the first time.

2006

Launch of the Lassa Atracta, the first passenger radial with an asymmetric tread pattern.

The "Filofix Road Assistance Service," developed for commercial vehicle fleets, rolls out.

2007

Bridgestone becomes the sole tyre supplier for Formula 1™.

Ahead of the Turkish Grand Prix Formula 1™, drivers meet with the public at İstanbul's Dolmabahçe Palace.

The Lassa Rally Team comes in first at the Turkish Rally Teams Championship.

2008

Lassa changes its logo for the first time in 30 years.

The celebration of 20th Anniversary of the partnership between Bridgestone Corporation and Sabancı Holding Lassa Rally Team ranks first in the "Team Racing," "Group N Racing," "Pilot Championship" and "Co-Pilots Championships" categories in Turkey.

The Lassa Rally Team receives the Team's Cup Winner, Drivers' Cup Winner, Co-drivers Cup Winner and Group N Cup Winner titles at the Turkish Rally Championship.

Lassa's customer base expands to include 55 countries throughout the world.

Bridgestone receives an award on the "Trafikte Dikkat On Bin Hayat" Road Safety Platform with the campaign "Farım da Açık, Yolum da" (Daytime Running Lights).

2009

Lassa commences production and sales of the AGRI 1 Radial Agricultural Tyre.

The Lassa Rally Team, which has gone from strength to strength and which has ranked first in the Turkish Rally Championship since 2007, its founding year, represents Turkey in the Italian Rally Championship for the first time.

Brisa wins the first prize in the "Individual Performance Management" category of the Sabancı Golden Collar Awards.

2010

The launch of the "Yola Güvenli Çık, Yolun Hep Açık" campaign, as a part of the social responsibility and road safety campaign "Think before You Drive," endorsed globally by Bridgestone.

Brisa acquires the Turkish operations of Bandag, an American-based rubber coating company, from Bandag AG, the European subsidiary of Bridgestone Corporation for USD 3, 6 million.

Lassa's website launches in eight languages besides Turkish.

The Brisa Academy is founded.

Brisa receives first prize in the "Individual Performance Management" category of the Sabancı Golden Collar Awards for the second time.

The Company picks up the Grand Prize in the "Excellence" category at the Sabancı Golden Collar Awards.

2011

The launch of Brisa's "Lastiğim" project, which gathers independent sales points under the Brisa umbrella.

Lastik.com.tr, Turkey's first web-based tyre replacement and maintenance service is launched.

The Antenna Shop, designed as a training center for Brisa personnel and dealers, and featuring state of the art technology and innovative services, is opened in Maslak, İstanbul.

Sponsorship of the Bolton Wanderers (English Premier League), Espanyol (Spanish La Liga) and Mönchengladbach (German Bundesliga) football clubs by Lassa Brand.

The first prize is received in the "Market Orientation" and "Investment in People" categories of the Sabancı Golden Collar Awards.

2012

Production of the Bridgestone passenger car winter tyre (Blizzak LM32) begins in Turkey.

Implementation of the I-CAT application to provide business partners swift and efficient access to information, and to develop new channels of communication with Brisa.

Within the scope of the Tyre Hotel, stored customer tyres are also insured.

The largest store under Lassa signboard is opened in Milan, Italy. The number of stores with a Lassa signboard in international markets totals 39.

In the context of benefit to the society, the traditional 24th Brisa Improvement Conference is held with the theme of "Sustainability".

The first shipments of Lassa tyres to Australia, Hong Kong, Venezuela, Tunisia, Albania, Serbia and Sierra Leone are dispatched.

2013

Celebration of 25th anniversary of Bridgestone Corporation and Sabancı Holding cooperation

Deciding on 300 million USD investment, for the second factory in Aksaray Organized Industrial Zone.

First Propratik store opening

Construction of Brisa Academy and Brisa Museum with sustainability understanding

Brisa Museum opening

First sustainability report is issued

Signing United Nations Global Compact

Start of "Let the cranes fly forever" project in cooperation with World Wildlife Fund (WWF) Turkey

Start of road safety project, "Güvenli Yolculuk İçin Lastik Başına" in Otopratik stores

Signing "Cooperate Traffic Safety Declaration" Road safety project "Yola Sağlam Çık" about the importance of healthy nutrition and healthy living on road safety that is realized for long distance heavy vehicle drivers, has received "Public Health Award".

First mobile truck maintenance and repair service Mobilfix in globe, has received "Customer Focus Service Innovation" award.

The biggest tyre ever in Turkey is brought from Bridgestone Corporation Japan.



Watch
the TV
ads

Automobile, light commercial vehicle, bus, trucks,
agricultural and industrial vehicles

1400 TYPES OF ✈️ TIRE PRODUCTION ✈️



Awards

**Our wish is to add value to people's lives.
Our greatest award is, to see the value created by
the result of our work...**

Mobilfix – Turkey Innovation Week – ‘Müşteri Odaklı Hizmet İnovasyonu’ / “Client Oriented Service Innovation” Award

Within the context of Turkey Innovation Week award ceremony, we have been deemed worthy of “Customer Focus Service Innovation” award for world's first and the only mobile truck maintenance and repair service Mobilfix.

Brisa - TSE Quality Award

We received “Quality Award”, which is granted to companies that has adopted national and international sustainable quality standards and realized successful projects in quality field with Turkish Standards Institute (TSE) certification.

First price in Golden Spider Web Awards in “Banner” Category

Lassa is been again granted first prize with its Rich Media Banner work in 2013, as in 11. Golden Spider Web Awards in “Banner” category. Lassa received “Communicators Awards” in international platform with the same execution and became community's favorite in 11. Golden Spider Web Awards.

Turkey's first social travel platform “Tripin”, rewarded in Lifestyle category in Interactive Media Awards (IMA)

Turkey's first social travel platform “Tripin”, stood out amongst 141 applications in Interactive Media Awards (IMA), and is rewarded with “Outstanding Achievement” prize in IMA's Lifestyle category. This is the 4th international award that we have received in digital marketing and communication category.

“Lastik.com.tr”, received in Interactive Media Awards (IMA) E-commerce category as ‘Best in Class’ award

7th International Media Awards is held by Interactive Media Council this year. lastik.com.tr as being the first in tyre sector in Turkey, received 482 points out of 500 among 182 applications in e-commerce category, and received the award with high achievement.

Lassa's flagship product Impetus Revo, is granted for being the most successful tyre by independent German test establishment TÜV SÜD

Lassa Impetus Revo; has finished the TÜV SÜD Automotive GmbH Solidity Test as first among its American, European, Far East and local competitors.

We hit the headlines with Brisaspor in sports

- International Balkan Road Championship – Balkan Championship, Men's junior second prize, Young men second prize
- Cycling Tour of Szeklerland – General Team Classification Second Prize, 2. Leg First Prize and
- General Individual Classification First Prize
- 63th Bulgaria Bicycle Tour – General Team Classification Second Prize
- 2013 Balkan Mountain Bike Championship – First price in Balkan Elite Males and fourth price
- Turkey Championship and second price in Senior Males Classification
- Junior males team Turkey Champion

Brisa “Layer Slitter M/C Capacity Enhancement and Standardization Studies” Project First Price

Brisa team, that was qualified to participate Global TQM (Total Quality Management) conference, received first price in 9th Suru-Raku Conference with “Layer Slitter M/C Capacity Enhancement and Standardization Studies”. The price is granted by the jury among 16 other amendment projects from various Bridgestone factories worldwide.

Brisa “Introduction of Mobile Phone Application, Load vs. Pressure” third prize

Brisa Field Engineer team received third price with “Introduction of Mobile Phone Application, Load vs. Pressure” in Bridgestone Global Field Engineering Meeting GFEM in Japan, where Bridgestone plants' participants around the world presented their countries best practice.

THE ONLY TOUGH IS LASSA!

American, European, Asian and local rivals could not pass the toughness and durability tests which Lass Impetus Revo has been through and completed successfully. Whole world has approved the toughness of Lassa one more time.



Board of Directors

BOARD MEMBER NAME SURNAME	EXECUTIVE OR NON-EXECUTIVE	APPOINTMENT DATE	TERM OF OFFICE	BOARD OF DIRECTORS AND COMMITTEE DUTIES
Güler Sabancı	Non-Executive	27.04.2012	3 Years	Chairman of the Board
Narumi Zaitso	Non-Executive	28.03.2013	2 Years	Vice Chairman of the Board
Mehmet Nurettin Pekarun	Non-Executive	27.04.2012	3 Years	Board Member and Member of CGC and RC
Mustafa Bayraktar	Non-Executive	27.04.2012	3 Years	Board Member
Barış Oran	Non-Executive	27.04.2012	3 Years	Board Member
Kunitoshi Takeda	Non-Executive	31.08.2012	3 Years	Board Member
Mübin Hakan Bayman	Executive/General Manager	27.04.2012	3 Years	Board Member
Kazuyuki Eguchi	Executive/Executive Coordinator	27.04.2012	3 Years	Board Member and Member of CGC and RC
Seiichiro Tokunaga	Executive/Technical Groups Dir.	27.04.2012	3 Years	Board Member
Hasan Cihat Erbaşol	Non-Executive	27.04.2012	3 Years	Independent Board Member and Head of Audit Committee
Hüsnü Paçacıoğlu	Non-Executive	27.04.2012	3 Years	Independent Board Member, Member of Audit Committee and Head of CGC and RC

Not: Corporate Governance Committee is abbreviated as "CGC" and Risk Committee is abbreviated as "RC".

In 2013, no Board Member conducted any transactions with the Company on behalf of themselves, or a third party, or conducted any competitive activities; this was the case despite authorization to do so provided by the General Assembly in accordance with Articles 395 and 396 of the Turkish Commercial Code.

Changes in the Board of Directors during the Reporting Period

Narumi Zaitso was elected to replace Board Member Asahiko Nishiyama as of 29.03.2014, in parallel with changes in responsibility at Bridgestone Corporation, in accordance with the Board of Directors decision No. 2013/10 dated March 28, 2013, and in compliance with the 12th Article of Company's Articles of Association.



Board of Directors

Güler Sabancı

Chairman of the Board

Term of Office: 17.03.1989 – March 2015

Güler Sabancı graduated from TED Ankara College and the Department of Business Administration of Boğaziçi University and started her professional career at Lassa Lastik Sanayi A.Ş. in 1978.

After serving as the President of Sabancı Holding Tyre and Reinforcement Materials Group, in May 2004, Ms. Sabancı was elected to her current post as the Chairman and Managing Director of Sabancı Holding. In addition to her work in the business world, she is also active in academic and social activities.

Ms. Sabancı currently serves as the President of the Board of Trustees of the Hacı Ömer Sabancı Foundation, and of Sabancı University; she is also Chairman of the Board of the Sakıp Sabancı Museum.

Narumi Zaitso

Vice Chairman of the Board

Term of Office: 28.03.2013 – March 2015

Narumi Zaitso is graduated from Synthetic Chemistry Department from Kumamoto University. He started working at Bridgestone Corporation within the same year.

He is appointed as the Facility Manager at Kurume Facility on June 2000. In 2001 July he is transferred to Bridgestone Corporation Tosu Facility as a Facility Manager. He worked there for 3 years. He took the position as a manager at the Tyre Production Technology Coordination Department after that. In October 2006 Mr. Zaitso is promoted to Assistant General Manager at the Tyre Production Technology.

In October 2007, He is assigned to foreign duty in capacity as Assistant General Manager at Bridgestone Americas' Holding.

After he returned to Japan in March 2010 he worked as a Senior Executive and Assistant General Manager responsible for Production Technology, Advanced Production Technology Development and Global Logistics Center. In March 2012, he promoted to Board Member and at the same time became responsible for Quality Management, Global Logistics Center and Internal Production Management.

Since October 2013, he has been working as Executive Vice President for International Operations. At the same time, he fulfills a duty as Brisa Vice Chairman of the Board.

Mehmet Nurettin Pekarun

Board Member

Term of Office: 15.10.2010 - March 2015

Mehmet Pekarun graduated from Robert College and the Department of Industrial Engineering of Boğaziçi University, and then received his MBA from Purdue University on Finance and Strategy major.

Starting his career in the United States in the Transportation System division of General Electric in 1993, he served as the Finance Manager responsible for Turkey and Greece and between 1996 and 1999 for Eastern Europe, at General Electric Healthcare-Europe. From 1999 to 2000, Mr. Pekarun worked as Turkey's General Manager at GE lighting-Europe; subsequently as the General Manager of the Europe Business Development Division at GE-Healthcare-Europe, Eastern Europe and Africa from 2000 until 2002; and lastly as the General Manager of the Medical Accessories Division in GE-Healthcare- Europe, Eastern Europe and Africa region between 2002 and 2005.

After serving as Kordsa Global CEO from 2006 until 2010, he served as the Group President of Sabancı Holding Tyre, Reinforcement Materials and Automotive Group from September 2010 to March 2011.

Since March 1, 2011, Mr. Pekarun has been working as the Industry Group President.

Mustafa Bayraktar

Board Member

Term of Office: 19.04.2004 – March 2015

Mustafa Bayraktar graduated from the University of Alabama's Finance Department and completed his postgraduate study in the same field at Boston College. Since 2002, he has been the Chairman of the Board of Directors of H. Bayraktar Yatırım Holding A.Ş.

Kunitoshi Takeda

Board Member

Term of Office: 31.08.2012- March 2015

After graduating from the Waseda University Department of Economics, Kunitoshi Takeda joined the Bridgestone Corporation in 1980. In June 2008, he became the Chairman of the Board and CEO at Bridgestone Investment Limited China. In March 2010, during his three-year assignment in China, Mr. Takeda was appointed Vice President of Bridgestone Corporation.

In June 2011, having returned to Japan, he served as Vice President of the Special Products Division and CQO (Vice President for Quality).

Since September 2012, he has served as Vice President of Operations for Asia-Pacific, China, the Middle East, Africa and Russia.

Barış Oran Board Member

Term of Office: 30.04.2012 – March 2015

Barış Oran holds a BA from Boğaziçi University and an MBA from the University of Georgia.

In 1995, he began his career as an Auditor at PricewaterhouseCoopers. Between 1998 and 2003, he held Audit, Finance and Treasury positions at Sara Lee Corporation in Chicago. Between 2003 and 2006, Mr. Oran worked as a Senior Manager at Ernst and Young first in Minneapolis Minnesota, then in Europe, the Middle East, Africa and India.

In 2006, he joined Kordsa Global as an Internal Audit Director, thereafter holding the positions of Global Finance Director and CFO. In 2011, he was appointed Finance Director at Hacı Ömer Sabancı Holding A.Ş. Since 2012, he has worked as Planning, Reporting, and Finance Director at Hacı Ömer Sabancı Holding A.Ş. He also serves as a Board Member of Brisa, Enerjisa Production, Teknosa, Yünsa and Temsa.

Mübin Hakan Bayman Board Member

Term of Office: 30.04.2009 – March 2015

Mübin Hakan Bayman graduated from Dokuz Eylül University Department of Economics in 1989. In 1992, he received his MBA from National University in San Diego, California.

In 1993, he began his professional career as Product Manager at Henkel-Turyağ. Between 1996 and 1997, Mr. Bayman served as Category Manager at Henkel KgAa Dusseldorf; in 1997 as Product Manager at Coca-Cola; from 1997 to 2002 as Marketing Manager and Marketing Director at Marsal KJS; from 2002 until 2007, as Assistant General Manager in charge of Marketing and Sales at Brisa; and between 2007 and 2008, as General Manager of BMW at Borusan Otomotiv. Since April 30, 2009, Mr. Bayman has served as the General Manager of Brisa.

Kazuyuki Eguchi Board Member

Term of Office: 12.11.2010 – March 2015

After having graduated from the Waseda University Department of Law, Kazuyuki Eguchi joined the Bridgestone Corporation in 1983. From 2008 to 2010, he served as General Manager of the Middle Eastern, African and Russian Operations. In addition, Mr. Eguchi has 14 years of experience in five countries. Since November 2010, he has been the Executive Coordinator and a board Member of Brisa.

Seiichiro Tokunaga Board Member

Term of Office: 20.12.2010 – March 2015

Seiichiro Tokunaga graduated from the Waseda University Department of Mechanical Engineering. In 1980, he joined the Bridgestone Corporation. His areas of specialization include tyre development, sales engineering, process development and production, and he has worked in nine countries in which technical facilities, head offices and tyre manufacturing plants are located. Since December 2010, he has worked as the Director of Technical Groups at Brisa.

Hasan Cihat Erbaşol Independent Board Member

Term of Office: 27.04.2012 – March 2015

Born in İstanbul in 1944, Hasan Cihat Erbaşol graduated from Darüşşafaka Private High School in 1962, from Washington Park High School in 1963, and from the İstanbul University Faculty of Law in 1967.

In 1975, he started working as Legal Counselor at a number of Sabancı Holding group companies. In 1994, he was appointed Sabancı Holding's Head of Legal Office, a post he held until January 1, 2001.

Following his retirement from the Group, he has worked as a freelance lawyer and legal advisor. Mr. Erbaşol has completed various studies in the areas of commercial law, private law arbitration, mergers and acquisitions, as well as technology and transfer agreements, contracts, and partnership agreements, having resolved numerous legal disputes. He has also participated in many seminars, conferences and group activities of the ICC (International Chamber of Commerce) and Management Centre Europe.

Hüsnü Paçacıoğlu Independent Board Member

Görev Süresi: 27.04.2012 – Mart 2015

Hüsnü Paçacıoğlu graduated from Tarsus American College, and then from the Middle East Technical University Department of Industrial Management in 1963.

Between 1964 and 1968, he served as Investment Specialist at Karabük Demir ve Çelik İşletmeleri. From 1968 to 1996, he worked as Public Relations and Ankara Regional Directorate, Public Sector Sales Manager, Professional and Technical Services Director and Assistant General Manager responsible for Marketing, Sales, Product and Services, respectively, at IBM Türk.

Between 1996 and 2005, Mr. Paçacıoğlu served as Secretary-General of Sabancı University. Then, between 2006 and 2011, he was on the Board of Trustees, and served as Vice President of the Executive Committee and General Manager of the Hacı Ömer Sabancı Foundation. As of July 1, 2011, excluding his responsibility as General Manager, he has been on the Board of Trustees and the Executive Committee of the Sabancı Foundation. Mr. Paçacıoğlu is a founding member of the Safranbolu Culture and Tourism Foundation and Hisar Educational Foundation, as well as a Member of the Board of Trustees, Chairman of the Board of Directors of the Turkey Foundation for Children with Cerebral Palsy (TSCV), and a Member of the Turkish Information Technology Foundation.

Executive Board



Mübin Hakan Bayman (4)

General Manager

Mübin Hakan Bayman was born in 1966 and graduated from the Economics Department of Dukes Ell University. He obtained an MBA degree from the National University in San Diego, California. He was appointed General Manager on April 30, 2009.

Kazuyuki Eguchi (5)

İcra koordinatörü

Kazuyuki Eguchi was born in 1958 and graduated from the Law School of Waseda University. He joined Bridgestone Corporation in 1983 and in duty as of 12.11.2010 in Brisa.

Bora Çermikli (6)

Finans Genel Müdür Yardımcısı

Bora Çermikli was born in 1972 and graduated from the Economics Faculty of the Middle East Technical University. He received a Master's degree in Business Administration from Boğaziçi University. He joined Brisa as of 01.10.2009.

Seiichiro Tokunaga (3)

Teknik Gruplar Yönetmeni

Seiichiro Tokunaga was born in 1958 and graduated from the Engineering Department of Waseda University. He joined Bridgestone Corporation in 1980 and in duty as of 20.12.2010 in Brisa.

Levent Akpulat (2)

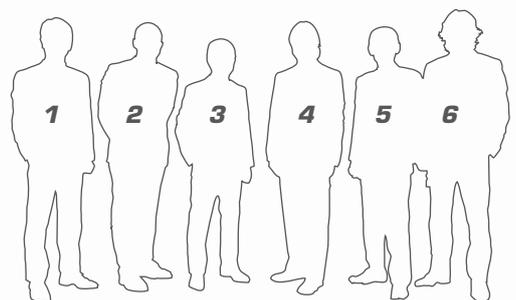
Pazarlama Genel Müdür Yardımcısı

Levent Akpulat was born in 1967 and graduated from the Business Administration Faculty of Middle East Technical University. He received an MBA from Sabancı University. He joined Brisa in 1992.

Katsuhisa Kitagawa (1)

Finansal Asistan

Katsuhisa Kitagawa was born in 1967 and graduated from the Law School of Kumamoto University. He joined Bridgestone Corporation in 1990 and in duty as of 08.10.2012 in Brisa.



For our fellow partners and investors...

We owe our 25 years of success to our confidence in our investors as well as our efforts to communicate on the basis of respect and transparency.

We moved with the inspiration we get from our investors. We would like to thank to our fellow friends and investors as we are presenting the gain of the result of Brisa's success.

Amendments to Articles of Association within the Reporting Period

Pursuant to the Board of Directors, Article 6102 Turkish Commercial Code, for the purpose of legislative harmonization to 6362 Capital Market Law and secondary regulations, the Company amended Articles 2, 3, 4, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 32, and 33 of its Articles of Association; and the articles 29, 34, 35, 36 ve 37 are decommissioned from Articles of Association which are registered on 25.02.2013 with 2013/2 in Articles of Association. These changes are approved by Capital Market Board on 20.03.2014 with Article 2797 and by Ministry Of Customs and Trade General Directorate of Domestic Trade on 21.03.2013 with Article no 2083. Upon approval in Ordinary Meeting of The General Assembly on 24.03.2013, registered on 04.04.2013 and published and announced in the Turkish Trade Registry Gazette, dated 10.04.2013 and numbered 8297.

In this context the upper limit of Our Company's registered capital is been increased from 25 Million TL to 400 Million TL.

Change in Independent Auditing Firm

In the General Assembly held on 25.03.2013, it is decided to deploy DRT Independent Auditing and Independent Accountant and Financial Advisor A.Ş. as independent auditing firm by shareholders. In this respect, our company has signed independent auditing agreement as of 11.04.2013.

Dividend Policy

Brisa Bridgestone Sabancı Tyre Industry and Trade Ltd.(BRISA) Profit Dividend Policy is determined by taking into account the economy of the country and the status of the sector and shareholders expectations and the needs of BRISA as well as Turkish Trade Law Provisions, Capital Market Legislation and other related legislation within the article that is related to the Main Agreement profit dividends; BRISA's midterm and

long-term strategies and in accordance with the investment and financial plans.

In the direction of the decision taken in the General Assembly, determining the amount of profit dividend policy has been assimilated; shareholders will be distributed 30% of the distributable profit in cash in principle.

There is no advance profit distribution practice in BRISA.

The profit shares will be distributed to the shareholders on the dates that the General Assembly set following the confirmation of the General assembly within the determined legal time span, it is accepted to do so promptly and equally without taking into account their export and acquisition dates.

General Assembly could transfer a part or the whole of the net profit to an excess reserve. If BRISA Board of Directors suggests General Assembly not to distribute the shares, the reasons of this situation and usage of the undistributed profit will be explained to the shareholders at the General Assembly meeting. At the same time, this information will be shared with public at the annual report and the internet website.

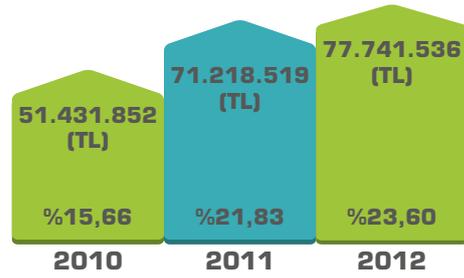
Profit distribution policy will be submitted to the approval of the shareholders at the General Assembly meeting. This comes under review on annual basis by the Board of Directors depending on the politics, any negotiation on the national and global economic conditions, project on the agenda and the condition of the funds. The changes made in this policy will be submitted to the approval of the shareholders at the first meeting after the change and will be announced on the internet website to the public.

In line with the dividend policy, the General Assembly held on 25.04.2013 resolved to a profit distribution of a gross amount of TL 305.116.875 in the ratio of %23,60 to the shareholders representing TL 72.007.582,50 capital, a gross amount of TL 5.733.953,75 to the privileged shareholders as usufruct and to pay gross amounts in cash as of 28.03.2013.

Stocks and Bonds Issued

There are no stocks and Bonds issued in 2013.

Gross Dividend Amounts and Rates Distributed over the Past Three Years



*Gross dividend amounts and rates are calculated based on the increased number of dividends as of 12.07.2012.



Developments in the Sector

In 2013, China and emerging markets took the biggest share in the growth of global tyre sector while light commercial tyre segment took the biggest share in product range.

Global tyre market has gone over 1.6 billion units with 4% increase in 2013 compared to 2012. And in the last 5 years, it grew by 23%. It is observed that there is more stable growth trend in Replacement Market, while Original Equipment Market grew by 39% in total in the last 5 years. This aggressive growth occurred mostly due to increased demand after the slow down during crises in 2009.

The largest share in the growth in tyre sector came from China and India especially from light commercial vehicle segment.

In replacement market in Europe, speed of shrinking continued yet slowed down in passenger and light commercial vehicle segment in 2013 when compared to 2012.

Along with these developments, in response to decline in Europe Brisa's international sales, has shown a more successful performance especially with its added value products strategy in this segment in 2013.

In total Lassa branded international sales, in addition to developments in Europe, as a result of its efforts of delivery to new geographic regions and deepening activities in the current market, has reached its 2012 performance in 2013.

The total tyre sector in Turkey has increased by 12.6% in 2013 compared to 2012. This raise came from passenger and light commercial vehicle tyres segments in particular.

In 2013 the total tyre sales amount in Turkey has increased by 12.6% compared to the year before, reaching to 20.3 million units. 14.5 million Unit of this total amount is sold to "the replacement market"; 5.8 million units are sold to automobile manufacturers that are considered within "original equipment market" category. When we look at the performance of the sector in the last 5 years, we see that it grew 29% in total which is more rapid than the world tyre industry.

Brisa's total replacement market sales in 2013 has shown a better performance than the entire market itself and recorded a growth with two digits.

Turkey has continued to be an attractive environment for global automotive manufacturers and firms has shared their investments with the public. In parallel to this dynamism, the original equipment (OE) tyres industry given to the automotive industry has increase by 6.8% in 2013 compared to 2012. Brisa OE sales has shown a bigger growth than the market itself and increased its market share.

Winter Tyre usage is increasing in Turkey

With the regulation that is published in Turkish Trade Registry Gazette on 08.11.2012, new legislation regarding the mandatory use of winter tyres for vehicles carrying passenger and load between December 1st and April 1st, increased the awareness of usage of winter tyres for road safety. Also with the requirement to use winter tyres in some cities usage of winter tyre is increased to 38%.



Compared to the recent year with a growth of 13% 2013 national market sales reached at 6,1 million tires.



Highlights in 2013

The dream of Sakip Sabancı: The investment of the second factory is coming true!

Our company has decided to break the ground for the second factory in order to meet the foreseen increase in the tyre demand. We are excited to contribute to the progress of the tyre sector and the Turkish economy with our factory that we plan to set up in Aksaray Province Organized Industrial Zone.

We aim to increase our turnover to 1 billion USD in 2015.

Since 2008 when we celebrated our 20th anniversary, we increased our net profit by 5 times and our annual sales income by 2 times, production has increased by 12% and our employment rate has risen by 20%. In the same period we focused on sustainability and energy productivity. When we celebrated our 25th anniversary in 2013, we completed approximately 900 million USD worth of investment and in 2015 we are working on increasing our turnover to 1 billion USD.

We celebrated our 25th anniversary with pride...

2013 was a special year in terms of Sabancı Holding and Bridgestone Corporation partnership. Because Brisa, the opus of this partnership, has completed its 25 years, as a symbol of this successful coherent partnership we chose "the bird of crane" which represents hope, good luck, prosperity, longevity, friendship and loyalty in both Turkish and Japanese cultures.

Ms. Güler Sabancı, Chairman of the Board of Sabancı Holding, Board Member of the Bridgestone Corporation and the COO Mr. Kazuhisa Nishigai and Brisa General Manager Mr. Hakan Bayman hosted many events.

We organized a press conference with the participation of The Economy Minister of The Republic of Turkey and we shared our journey of 25 years as well as our objectives with the public. We folded origami and made wishes with Brisa employees for the future of our company and celebrated our 25th anniversary with an organization.

We shared our success story of 25 years with the privileged invitees of the business world.

We got our first sustainability report as GRI A level and shared it with the public...

We prepared the report as an initiative to meet the expectations of all stakeholders, we studied all of our efforts in economic, environmental and social sustainability areas, looking into business results and future goals according to the GRI (Global Reporting Initiative) system starting from 2012 and going back 5 years. The report came out as an A level sustainability.

"Let the Cranes Fly Forever"

We are aware of the negative global impacts of the global climate change on biological variety and ecosystem. We started a project in order to support the continuity of the Crane population. Crane bird is the symbol of 25th year anniversary that we celebrated in 2013. We commenced "Let the cranes fly" project together with WWF-Turkey (World Wild Life Fund) for the cranes in Anatolia as we are joyful to contribute to the biological diversity.

A culture heritage: Brisa Museum has opened.

On our 25th year we opened Brisa Museum that has "journey" as its main theme. Brisa Museum is our present to the society and the local culture. We presented the journey of 40 years of Lassa and 25 years of Brisa, the values they added to its stakeholders, the understanding of sustainability, and information about the company and anything that is related to the tyre including interactive experience areas for the visitors.

We signed distributorship agreement with Energizer and Bottari

We extended our product range by adding our distributorship agreements with world's leading battery brand Energizer and Italian brand Bottari for automobile accessory.

360 Degrees Consultancy for Heavy Commercial Vehicle Fleets: "PROFLEET" fleet management systems

We are aiming to differentiate ourselves by the services that we provide for heavy commercial vehicle fleet

customers as well as our services that we provide to our individual customers. We put all the goods and services that we developed in order to increase the productivity of commercial vehicle fleet and to decrease operational cost under one brand called **"Profleet"**.

Profleet, a special solution package, aims to meet the needs of fleets in 360 degrees. Profleet involves Bridgestone, Lassa and Bandag branded products, Filofix road help service, a first in the world, Mobilfix mobile Truck maintenance service, heavy commercial vehicle tyres care service concerted sales point Propratik, Aspects+ program that is prepared for the managements of the fleet tyre and field engineering team has active applications in tyre management.

We aim to increase social, economic and environmental added value of the fleets with all the services that we provide.

MOBILFIX: First Mobil Truck Maintenance Service in Turkey!

Mobilfix, the first and only truck maintenance service in the world, is a reformist solution that Brisa engineers has designed and executed. Mobilix, a solid proof of Brisa's unlimited service understanding and how it values its customers, provides a time and cost effective system as well as continuity at their workflow, offers service and maintenance services on the spot for heavy commercial vehicles. With Mobilfix we were awarded for "Customer Oriented Service Innovation Award" within 2013 Turkey Innovation Week.

We opened our first ProPratik Shop

We opened our first shop in Izmir in which we offer both sales and maintenance of tyre as well as basic maintenance services of the vehicle. The shop also offers main products that a heavy commercial vehicle driver could possibly need during the usage of the vehicle.

We met with the drivers at the Roadshow!

We carried out Bridgestone Roadshow Event to celebrate the 25th year of Bridgestone in Turkey and to bring together the product variety with the drivers. We visited 14 points and promoted automobile and 4x4 products during the months of June. We introduced Bridgestone's sport segment (Potenza), comfort segment (Turanza), Environment friendly segment (Ecopia), 4x4 and SUV segment (Dueler) and light commercial vehicle segment products and motorcycle tyres at the event. During the event the drivers test drive at the sales points they are diverted to in their cities.

We released our new products under Bridgestone brand

We get together with the press and the vehicle owners in Kartalkaya as well as the press in Sweden Bridgestone Test Center so as to experience Bridgestone LM-32 and LM-80 winter tyres' performance and to highlight the importance of winter tyre safe drive importance.

We organized events for our business partners and the press with the participation of former F1 pilot and a team member of Bridgestone Tyre Development Team Stefano Modena to promote Turanza TOO1. Turanza TOO1 promises an unrivalled performance offering "+10 safety criteria" and a perfect balance in the comfort segment. We pointed out for vehicle owners to take into consideration their own driving habits, the road and the climate conditions while choosing a tyre instead of choosing a tyre that stands out with a single performance.

We speed up the promotion activities abroad with Lassa brand

Lassa, one of the Turquality brands for the past 5 years, has won the right to keep its status as a Turquality brand for another 5 years thanks to its performance at the international markets with its deepening and spreading strategy.

In European markets, in particular in France, Italy and Austria and Spain, we focused on increasing the availability of the brand at the new sales point as well as strengthening the promotions with end user campaigns.

We continue our training programs with Brisa Academy

In 2013 we gave 27 different types of training programs at the Brisa Academy to 163 business partners, 903 store employees and 339 Brisa staff. In total 4004 people was trained.

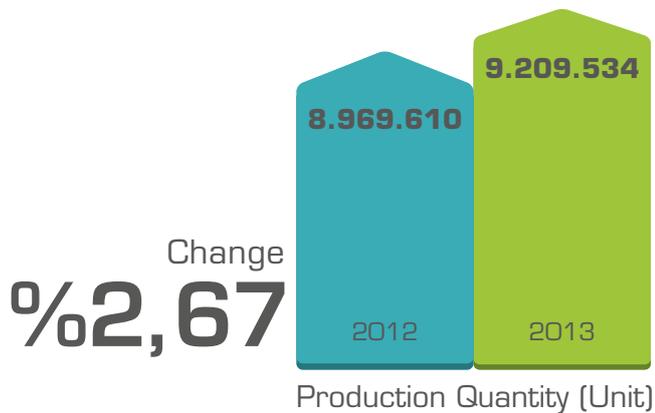
Production and Products

In 2013 we realized 9,2 million units of production with working high capacity utilization rate.

Our new products and Growing Portfoli

We are designing products that give priority to soundness parameter, comfort and economy with Lassa, where as we offer products that stand out with its performance and safety criteria with Bridgestone brand within our objective to put forward balanced vehicles to vehicle owners.

Izmit factory, one of the important exponents of Bridgestone Corporations' global production infrastructure, has a significant competitive edge because of its features such as production planning flexibility, procurement of products according to the needs of the customer and the market and ability to produce imported goods locally.



INNOVATIONS THAT WE RELEASED TO THE MARKET IN 2013:

We started to produce Bridgestone winter tyre in Turkey

Bridgestone Turanza T001:

"Journey to the comfort"

Bridgestone Blizzak W810:

"We challenge the winter"

Bridgestone Ecopia EP850:

"The choice of the ones who are looking for longevity as well as fuel efficiency"

Bridgestone Giant Tyre is in Turkey!:

We imported 57" rim sized special tyres from Japan.

Distribution and Channel Management

We have 930 branded sales points distributed to all over Turkey.

We aim to offer the most effective sales and after sales service organization in the sector as well as trustworthy and expert focal points with easy access to vehicle owners within this sales and service network.

Our objective is to grow and improve our sales network with likeminded business partners who seize the same business culture. We focus on retail, wholesale and fleet distribution channels separately so as to make our business process more effective.

OtoPratik stores, in which we offer fast maintenance service for light commercial vehicles and passenger vehicles in approximately 2 hours in addition to Bridgestone, Lassa and My Tyre labeled sales points, enables us to provide vehicle maintenance service in the easiest, most economic, fastest and the most qualified way. We have OtoPratik stores in 20 cities in Turkey. We are growing as we add new stores on regular basis.

In 2013, in Izmir we opened the first ProPratik store of, the chain which will provide sales and maintenance service to heavy commercial vehicle users. We offer Bridgestone and Lassa autobus and truck segment products, Bandag tyre retread, basic vehicle and tyre maintenance services under one roof in our Pro Pratik stores.

We organize CRM activities on regular basis as well as national and local campaigns in order to increase the turnover and the preferability of our sales points. We give a lot of importance to "Customer Relations Management and Guarantee Applications" training to strengthen the competence of our business partners.

We use Model Store in order to improve retail experience which we offer before business partners and to perfect the customer experience. We share our learning's with our business partners, become a specialist together and direct business enriching process.

We give a lot of importance to enrich our products and services at the sales points, execute an assuring inspection system and training in order not to compromise from our standards.



Domestic Marketing and Sales

We continue to attempt to new ventures, create new ideas aiming to constitute the best experience for our business partners, both fleet customers and individual customers, end users aligned with our “To create the best journey ahead” vision.



We increase our competitiveness with our investments that we make on our business partners and customers together with the strength of our brands. We are making campaigns to end users of Bridgestone and Lassa; both brands are among the most sincere brands of Turkey, aiming to increase the brand awareness and to reinforce their image. In 2013 “Sağlamsa Lassa” themed films of our Lassa brand took place in national media. We accelerated our efforts in social media as well. Our film “Lassa kış lastikleri – Don Duran” that we broadcasted on social media has been watched 5.5 million times and achieved a record. Our “Bridgestone Emniyet Lastiği” campaign gives a message on social responsibility aspect as well as contributing to the brand awareness. This campaign will continue this year. Engin Hepileri will take a part in our new commercial.

“In this respect, “customer orientation” and “innovation” that takes place in Brisa’s values are our two indispensable principles in order to optimize working process and provide better quality services to our partners. We aim to keep our leader position in Turkish market. We are working to carry over customer satisfaction to further stages by offering services that meets customer expectations and needs as well as bringing together our customers and business partners to experiences regarding our brands. In order to measure our performance to follow up closely the effects of these projects on the target group we continuously make meetings with customers at the business partners’ stores.



International Sales and Marketing

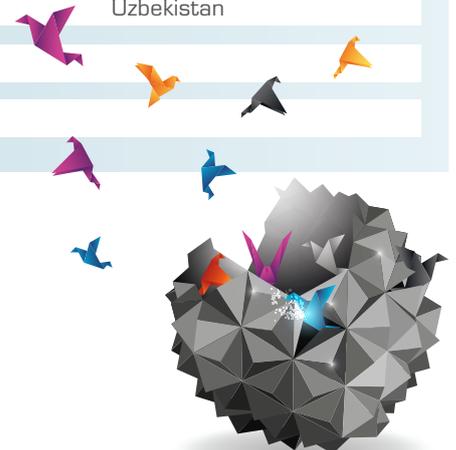
Lassa is moving ahead with big steps towards its export journey with its stores reaching to 100...

We aim to be an arbiter in the international arena in addition to being a sector leader. We made headway in international markets with increasing Lassa labeled sales points, efforts on increasing brand awareness and loyalty of our business partners.

In 2013 Lassa branded Turkish made tyres that are produced by Brisa employees have reached to 201 points in more than 60 countries.

 The countries that Lassa products have met with vehicle users: 

Afghanistan	Denmark	Turkish Republic of Northern Cyprus	Sierra Leonean
Albania	Egypt	Kosova	Slovenia
Algeria	Ecuador	Lebanon	Spain
Australia	Finland	Libya	Sweden
Austria	France	Lithuania	Switzerland
Azerbaijan	Georgia	Malta	Syria
Belarus	Germany	Moldova	Democratic Republic of Congo
Belgium	Greece	Morocco	Tunisia
Bosnia Hersek	Iran	Nigeria	Turkmenistan
Bulgaria	Iraq	Norway	Uganda
Cape Verde Islands	Ireland	Pakistan	Ukraine
Chili	Israel	Poland	United Kingdom
China	Italy	Portuguese	Uruguay
Croatia	Ivory Coast	Romania	Uzbekistan
Czech Republic	Jordan	Russian Federation	
Democratic Korea Republic	Kazakhstan	Serbia	



One of the improvements that show our brand acceptability in international markets is Austria's Postal Institution (Yellow Post) announcing Lassa as its main tyre supplier for 2013-2014 winter seasons. Yellow Post will fulfill 75% of its tyre need from Lassa. In addition to this, Autobacs, a Japanese originated auto markets, started selling Lassa passenger tyres in its stores in France for the first time.

On the other hand, there has been an increase in the number of sales points that are willing to operate under Lassa Tyres signboard. In 2013 Lassa Tyres labeled sales points number has reached to 100.

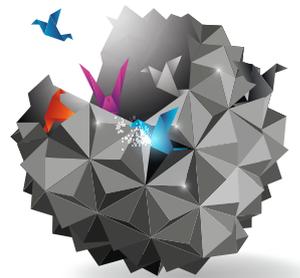
In 2013 we speed up our efforts in increasing the brand awareness on an international scale. We realized media communication campaigns in Italy, Germany and in Austria. We brought together end users with our brand in England at the drift championship in which Lassa Drift Team raced. We did publicity stunts in England and in Germany. In CIS countries we did publicity stunts to put together our brand with its end users.

THE INTERNATIONAL JOURNEY OF LASSA BRAND

First shipment to South Korea

First store in China and Kazakhstan

100 Lassa Tyres Stores in total



International Activities

Lassa Tyres, continued to appeal attention and admiration through out the year in global fairs.

We attended 25th Autopromotec Fair in Bologna Fair Center in Italy with Brisa that has more than 80 business partners and Lassa that met with vehicle owners in more than 60 countries. Autopromotes repeats itself in every two years. The fair is specialized on the automotive equipment and after sales products and seen as one of the most important platforms to meet with the brands and producers not only for visitors from Italy but for all visitors coming from many different parts of the world.

We attended International Guangrao Rubber Tyre and Automobile Accessories Fair in China twice, Genève Motor Show which is one of the most prestigious automotive fairs in the world, 4 times with our Lassa stand that we prepared together with our business partners.

As Lassa tyres brand we attended "International Inter Auto" fair in Moscow with our business partner from St. Petersburg. We had opportunities to have meetings with participants of the sector from East European and Asian markets.



Investments and R&D

We decided to establish our second factory according to our analysis about the potential and growth of Turkish tire market.

Our management board has decided to invest on the second factory that will cost around 300 million USD and be located in Aksaray Province Organized Industrial Zone on its board meeting dated 04.10.2013 and numbered 2013/18, with its strong faith in the potential of the progress in the tyre industry and to supply the foreseen demand in the passenger and light commercial vehicle tyre. We aim to start the construction of the factory in 2015 and to reach the capacity to be able to produce 4.2 million units by 2018. We will first build 120.000 sq. of 950.000 sq. total area of the factory.

Our company' application for our new factory to Investment Encouragement Document to Turkish Republic Ministry of Economy Encouragement Application is approved and Investment Encouragement Document is held, dated on 13.02.2014, numbered 113798. The beginning date of the new factory investment is 09.10.2013 and is worth 495.000.000 TL.

The support elements that we will benefit from within this BIG SCALE INVESTMENT are as follows:

- 1- Customs duty exemption,
- 2- VAT exemption,
- 3- Tax Discount Rate %90.
Investment Contribution Rate %60,
- 4- 10 years of insurance Premium Employer Share Reinforcement

As we are running our activities with our mission to add value to the journeys, we implemented 63,4 million USD worth of investment including the factory modernization in 2013 and efforts to increase the capacity and other investments made for other departments. Our total factory investment is worth approximately 900 Million USD since we founded our entity.

In 2013 during the 12 months period we spent 52,44 million USD in total in terms of investment expenditure. 39,99 million USD was used within Encouragement document on renovation of the factory, modernization and increasing capacity. At the same period investment sum apart from the factory is 10,93 million USD.

Our company, who has important competitive superiority on R&D, has a unique product testing center that is well accepted by Turkish Standards Institute.

Worldwide Quality!

Brisa Izmit Factory that works in coordination with Bridgestone Corporation Roma and technical center in Tokyo has the highest quality mark after Bridgestone Corporation in Japan.



Financial Results and Rates

Brisa has increased its operating profit and the entire net profit margins by 3-4 points, as well as market share and gross profit, EBITDA in a growing domestic market.

Brisa has continued its domestic turnover growth at high rates with its increase in domestic sales in units realized bigger than the real economic growth in 2013. In spite of the limited shrinking in export markets, the turnover is increased by 5% in the entire company. Apart from all this, despite all the negativity in the financial markets in the second half of the year, moving to more profitable products in the channel and product portfolio, the recovery in the production costs, disciplined cost management, due to the hedging precautions against the foreign currency fluctuations, the profitability of the company is increased significantly, 23% on EBITDA level, 51% on net profit level.

Balance sheet management has been realized in accordance with high active and equity productivity, together with the record investment numbers of the previous year, active profitability has increased at a significant level despite the impacts of cumulative continuous investments in 2013, equity profitability got close to 30%. Also, more than half of the bank debt is carried to 3-4 years terms with long term credit agreements, in this respect the liquidity ratios recovered to significant levels.

Liquidity Ratios

	31.12. 2013	31.12.2012
Current Ratio (Liquid Assets/Short Term Debts)	1,80	1,01
Acid Test Ratio (Liquid Assets- Inventory/Short Term Debt)	1,20	0,66

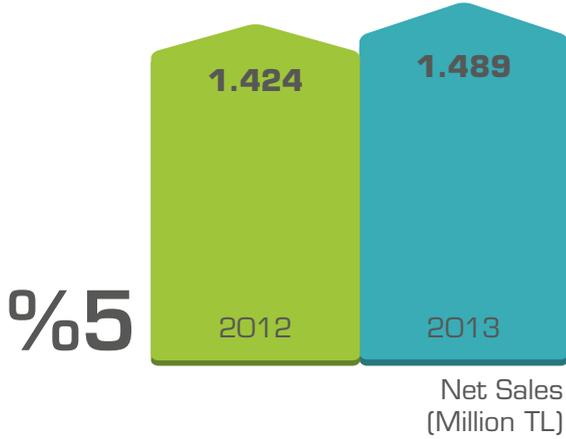
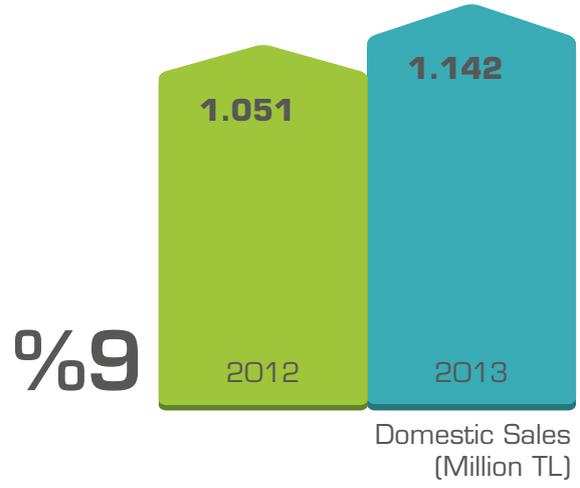
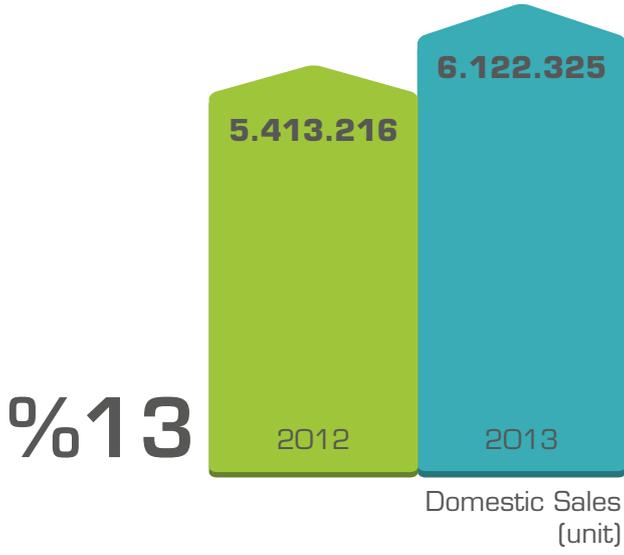
Fiscal Growth Ratios

	31.12. 2013	31.12.2012
Total Debts/Equity	1,47	1,54
Total Debts/Total Assets	0,60	0,61
Equity/Total Assets	0,40	0,39

Operating and Profitability Ratios

	31.12. 2013	31.12.2012
Gross Profit Margin (Gross Profit/Net Sales)	%26,26	%22,82
EBITDA Margin (EBITDA/Net Sales)	%19,04	%16,17
Net Profit Margin (Net Profit/Net Sales)	%9,69	%6,69
Return on Assets (Net Profit/Assets)	%10,85	%8,07
Return on Equity (Net Profit/Equity)	%28,54	%20,63



**Sales Units**

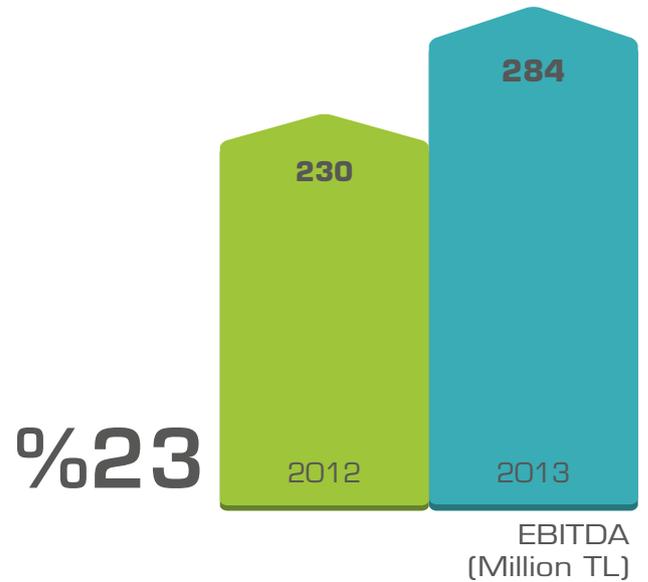
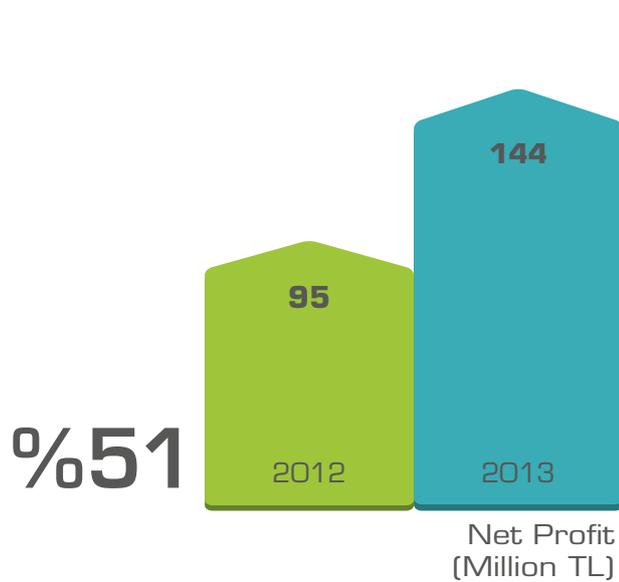
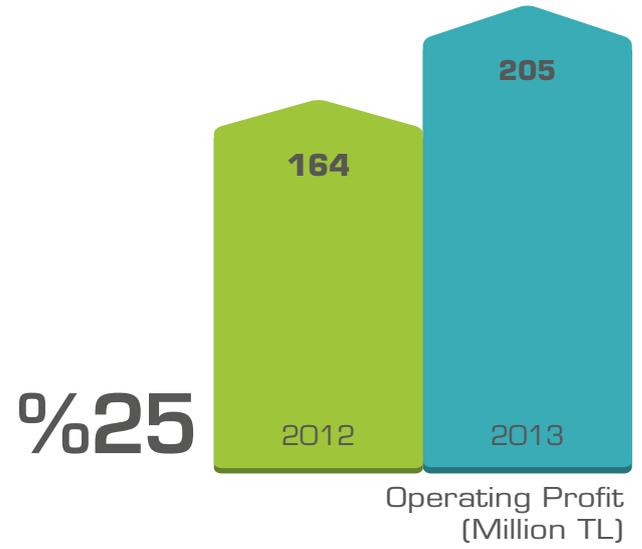
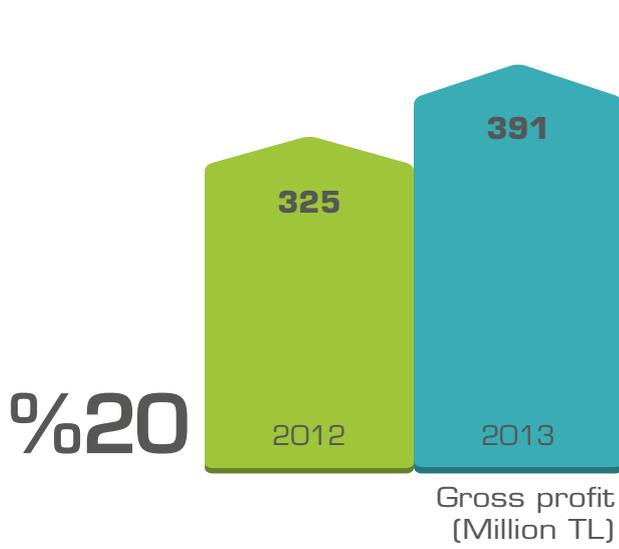
	01.01- 31.12.2013	01.01- 31.12.2012	Change %
Domestic Sales	6.122.325	5.413.216	%13
Export Sales	3.403.433	3.660.415	(%7)
Net Sales	9.525.758	9.073.631	%5

(Million USD Doları)

	01.01- 31.12.2013	01.01- 31.12.2012	Change %
Export Sales	198	218	(%9)

Net Sales (Million TL)

	01.01- 31.12.2013	01.01- 31.12.2012	Change %
Domestic Sales	1.142	1.051	%9
Export Sales	347	372	(%7)
Net Sales	1.489	1.424	%5



(Million TL)

Condensed Income Statement	01.01-31.12.2013	01.01-31.12.2012	Change %
Net Sales	1.489	1.424	%5
Gross profit	391	325	%20
Operating Profit	205	164	%25
Net Profit	144	95	%51

EBITDA*	284	230	%23
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* EBITDA: Earnings before Interest, Taxes, Depreciation, and Amortization

Internal Audit and Internal Control

Brisa conducts internal audit and internal control to ensure that its operations and services are executed in an efficient, reliable and uninterrupted manner. The Company's risk management, control system and corporate governance practices are fully implemented, with all efforts made to meet corporate and financial objectives. Information derived from the accounting and financial reporting system is delivered with integrity, consistency and reliability.

The mechanisms of internal audit and internal control are the responsibility of the Audit Committee, formed within the Board of Directors, which ensures the effectiveness of these mechanisms. The Audit Committee submits its findings and recommendations to the Chairman of the Board of Directors.

Additionally, an Internal Audit Department, reporting to the Board of Directors, operates to safeguard the healthy functioning of the internal audit and internal control mechanisms. The Audit Committee holds regular meetings with the Internal Audit Department to appraise the competence of the internal control system and informs the Board of Directors about its findings.

Every year all risks related to the all stages are reviewed and the periods that need to be inspected are determined. As the controllable stages are determined by Audit Circle created within the company, the remaining balance risk scores are determined according to the internal control systems and natural risk factors. Accordingly, in 2013 9 business stages audit is completed and the results are reported to the Committee Responsible from Audit.

The actions that are taken by the company managers are traced afterwards regarding the internal control deficiencies that are seen within the frame of audit reports. The adequacies of the actions are questioned according to the observations on its impacts on the risk level and the results are reported to the Committee Responsible from Audit.

Other Explanations

Shareholders and Dividends

The Company has no direct or indirect subsidiaries.

Information on Company Acquired Shares

The Company has no acquired shares.

Information on Private and Public Audits

In 2013, there was no private or public audit conducted of the Company.

Information on Important and Ongoing Cases Filed Against the Company and Their Potential Consequences

There is no outstanding case with the potential to impact the Company's operations.

Information Relating to Administrative Enforcements and Sanctions of an Important Nature Imposed on the Company, or on Any Board Member Arising from Actions in Violation of Legislative Provisions

There are no actions in violation of legislative provisions.

Information on General Assemblies

Information on General Assemblies held in 2013 is provided in Article 1.3 of the Corporate Governance Principles Compliance Report.

Information on the Report on Controlling Shareholders and Subsidiaries within the scope of TCC Article 199

The report describing the Company's relationship with controlling shareholders, and prepared by the Company's Board of Directors pursuant to Turkish Commercial Code Article 199, was approved at the Board Meeting dated 26.02.2014. The conclusion of the report is as follows:

Pursuant to Turkish Commercial Code No. 6102, which came into force on 01.07.2012, the Board of Directors of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. is obliged to prepare a report within the first three months of operations on the Company's majority shareholder, and on companies affiliated with the majority shareholder for the previous year, and must include the conclusion of this report in the Annual Report. Necessary explanations regarding transactions with related parties of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. are available in the footnotes of Financial Statements Footnote number 25.

Based upon 199th article of Turkish Trade Law of number 6102, an information is provided regarding the conditions of transactions of buying-selling of the goods that require continuity and are common, the method to determine the prices and its justifications being explained, an information is provided regarding the conditions of the transaction in relation to the market conditions of BRISA Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş., Hacı Ömer Sabancı Holding A.Ş., Bridgestone Corporation and institutions related to its connected partners. There is no loss because of the being included in the enterprise systems all operations are done in line with 6102 numbered Turkish Trade Law's related articles according to holding company statements in the direction of precedents.

In this report that is prepared by BRISA Bridgestone Sabancı Lastik Sanayi A.Ş. on 21.02.2014, it is seen that precautions are taken and all the necessary judiciary operations are done within the responsibility given to the management board as indicated by 199th article of 6102 numbered Turkish Trade Law, in all the operations done in 2013 by controlling shareholder BRISA Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. and the partners that are connected to controlling shareholders.

Remuneration of the Board of Directors and Senior Management

The Company's senior management team comprises members of the Board of Directors and the Executive Board.

Remuneration and dividends to be paid to the members of the Board of Directors is determined by a decision of the General Assembly.

Remuneration of the members of the Executive Board is composed of two components, with one being fixed and the other performance-based.

In accordance with international standards and legal requirements, the fixed fees of members of the Executive Board are determined by taking macroeconomic data, current wage policies in the market and company size into consideration. The long-term goals of the Company and individual positions are also taken into account.

Premiums for members of the Executive Board are calculated in accordance with the performance of both Company and individuals.

In addition, remuneration of the Board of Directors and Senior Management is mentioned both in the Corporate Governance Principles Compliance Report Article 4.6, and in the Financial Statements Footnote 25.

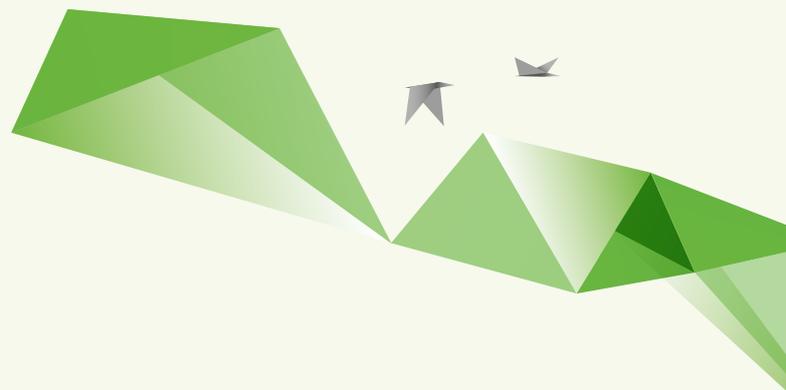
Sustainability

It's all about adding value to Life

In the beginning of the road we made a wish, we were going to work to add value to life whatever the circumstances are. And we kept our promise; this is just the beginning of what we are going to do...

With the belief that sustainability is not a choice, but a responsibility, we are continuing our journey of 25 years with the mission of sustainable growth by adding outstanding values to the society.

By putting environmental, economic and societal sustainability in the center of our all operational processes, we are running a continuous detailed work for improvement in these fields.



Environmental Sustainability

Environment protection sensibility evolves with individual responsibility emotion. This emotion comes as the first value among Brisa values created by Brisa employees. Brisa as a deliberate company is going to improve itself while keeping its global position for a sustainable development and respect to the environment.

In the context of our environmental perspective, we are putting very many efforts into control effect of manufacturing process on natural resources, biological diversity and climate change.

In 2013, we have signed UN Global Compact that is prepared by United Nations in the context of "Sustainable and extensive global economy" vision that is open for participation of all companies around the world.

UN Global Compact invites companies to embrace and bring to life the global principles in the areas of human rights, labor, environment and anti-corruption within their scopes. Thereby, it is aiming to build a common reconstruction culture and innovative corporate social responsibility approach in today's constant competitive business world.

In the name of environmental sustainability, as Brisa family we have contributed to ICAP (International Carbon Action Partnership) studies in the area of decreasing carbon emission, which is a multilateral commercial emission forum established to share the best practices and experiences.

As Brisa, we always are adopting an approach that contributes fuel efficiency in product development studies. We are also contributing protection of the environment via Bridgestone Ecopia family tyres with low rolling resistance and also tyre retread service with Bandag brand. At the same time as a member of LASDER, we are supporting collection of waste tyres and recycling studies.



Environmental Activities

We create and design new projects for livable tomorrows. More, we improve the ongoing projects.

Sustainability for Fight against Climate Change and Energy Electivity

Emission

We are continuing our efforts to decrease carbon dioxide amplitude since 2005. In 2020, we are aiming to bring carbon dioxide amplitude per produced unit 25% below the 2005 rates. In accordance with this purpose, we are continuing to work on measurement and reduction of the amplitudes due to our operations. As of 2013, we have achieved 11% of this ratio.

In line with transparency principle, since 2010 we are reporting the carbon emission caused by our business within the context of Carbon Transparency Project (CDP). In addition, as of this year, we are starting to get confirmation for our carbon emission by accredited organizations.

Waste

As a result of our efforts to minimize our waste amount, we succeeded to decrease dangerous waste per production of one tone of tyre by 57% that is occurred since 2009, and 27% decrease in universal waste. Our efforts on optimization of the water are still continuing.

In 2013, with the start of composting of organic waste we succeeded to decrease in universal waste that goes to storage by 29% compared to previous year.

Water

Since it is one of the most important inputs of production sector, and projected as this natural source will decrease even more in the upcoming years, we have constituted a long term business plans. We are aiming to decrease our water consumption by 61% in 2020 compared to 2008. As of 2013 we have reached 51% of this target. We discharge universal waste water resulting from our production process, after purifying in our biological purification plant to İzmir Water and Sewerage Administration. At the end of 2012, we have put our third generation purifying plant in use. We are using a portion of purified water on watering the green area in Brisa Academy and Museum building and in decorative pools. For the remaining amount, we are continuing on our efforts to ensure that it is reused within different parts of our operation to obtain our "zero waste water discharge" target.

Projects

After Brisa Academy and Brisa Museum being active at the end of 2013 designed with the Green Building concept, LEED certification process has begun. Within this context, obtaining 20% energy need of the building through sun panels and highly usage of solar tubes is in the foreground.

Our aim is to reduce water consumption by 61% through 2020 compared to 2008.

Labor Health and Safety

In 2013, we opened Occupational Accident Simulation Center to improve labor health and safety performance and reach “Zero Occupational Accident”

Labor Health and Safety is as the inseparable part of our every operation and has the first priority in Brisa. The OHSAS 18001: 2007 Occupational Health and Safety Management Systems standard certification procedure was successfully completed in June 2012 and certification was received.

In order to reach “Zero Occupational Accident” target in 2013;

We opened Occupational Accident Simulation Center. We aimed to stimulate the dangers that employees might face with, and convey “Occupational Accident Feeling” with simulation techniques.

In the context of Brisa-MEC activities, we started trainings in order to realize Safe Production. We benefited from global experiences and have started “Basic Labor Safety Activities”.

To follow up the situations actively for upper management and management teams, we continued working. In order to build labor safety culture and make it life style we kept on our efforts.

We continued our actives for none occupational accident performance management in third parties and suppliers.

We have respected labor health and safety legal regulations and standards in all activities and tried to achieve more than given frames.

We have given priority to the studies about preventing emergency situations and emergency situation management, and realized simulations to be active.

“Labor Safety” along the Brisa’s values, we have completed 365 days without any kind of occupational accident in all departments that are subject to Engineering Director in respect to “Let’s Obey Labor Safety Rules for Our Family” and “Think for a Moment before You Start Working” working principles. All departments subject to Brisa Technology Director completed 960 days without any kind of occupational accident.

Our aim is
“0 Accident”



Human Resources

Administrative Operations

Employee and Worker Activities

The number of employees working in the Company on an unlimited contract as of 31.12.2013 totaled 1.818. Of this number, 1.361 staff members are subject to the terms and conditions of the Collective Labor Contract, while 450 are beyond its scope. There are seven foreign employees, while two additional employee works on a fixed term contract basis..

Implementation of the Collective Labor Contract

The 17th Collective Labor Contract negotiations covering 01.01.2012 – 31.12.2013, began on 10.01.2012, and the contract between the Company and the Petroleum, Chemical and Rubber Industry Workers' Union of Turkey (Lastik-İş) was signed on 16.04.2012.

Negotiations have begun for the 18th Collective Labor Contract with Petroleum, Chemical and Rubber Industry Workers' Union of Turkey on 17.01.2014.

Benefits and Rights of Employees

In addition to salaries paid to employees working within and beyond of the scope of the Collective Labor Contract, Brisa Collective Labor Contact Personnel also receive benefits amounting to four months gross salary, as well as fuel, holiday and annual leave allowances, plus maternity benefit, death benefit, marriage allowances, educational allowances, family-food allowances, and child allowances. Moreover, all Company personnel are provided with meal and transportation allowances.

We made a wish together

"1000 CRANES ORIGAMI"

In the context of 25th anniversary activities, we have realized "1000 Cranes Origami, One Wish" project. Brisa employees folded up cranes with origami techniques with the help of trainers, and made a wish for Brisa and its success derived from Japanese legend which says that those who fold up 1000 cranes with origami techniques their wish will come true and will have a healthy and long life.

Brisa "Family Day"

The traditional Brisa Family Day was held on Saturday, August 31, at the Lastik-İş Social Facilities, where Company executives and personnel had the opportunity to meet and socialize informally. A total of 6.000 Brisa employees and their relatives attended the event, which featured concerts by local artists. In addition, the event was specifically planned to take place on August 31, allowing Brisa employees the opportunity of celebrating Turkey's Victory Day together.

With our human resources approach, in order to carry our company to new journeys with its 25 year experience, to be a pioneer to change and to be able to hand down a good legate to our society with sense of responsibility...

It is all about to
make quarter
century wish
come true.

Social Sustainability

As Brisa, we have realized many valuable projects from the past till now for social sustainability.

In 2013, we have contributed on the drive safety area by signing "Cooperation Traffic Safety Declaration" in the presence of our employees. We continued "Yola Sağlam Çık" road safety project with our Lassa brand. We have realized tread depth measurement on more than 5000 vehicles to support "Safety Tyre" message of our Bridgestone brand before festive holiday. In our Otopratik sales points, we have started a new road safety project for the first time, which is called "Güvenli Yolculuk İçin Lastik Başına". We have informed about importance of tyre for road safety to those who came to maintenance of their vehicles. At the same time we started a project that is going to be fund raising for "Let The Cranes Fly Forever" for every tyre that is measured.

Lassa "Yola Sağlam Çık" Project

We have continued our "Yola Sağlam Çık" project to promote healthy living and to create awareness about road safety for heavy vehicle drivers with our Lassa brand. We have reached 3.500 heavy vehicle drivers in almost 40 different points. Body mass index and blood sugar of the drivers are measured; also they were informed by dietician expert and sports trainer about right nutrition and exercises. As well, their attention is drawn on the importance of health for road safety. In the context of our campaign, we have reached for the first time to the farmers, and distributed reflectors to the tractor trailer to make them more visible in the traffic.

Brisa Members Educational Support Association Scholarships (BMÖDD)

Brisa Members Educational Support Association (BMÖD) was established 20 years ago to grant scholarships to children lacking adequate financial means to continue their education. Ever since Brisa employees voluntarily participate to support Brisa Members Educational Support Association for over 300 students. As of today, seeing 200 students to have a profession fill us with pride.

"Kartopu" Volunteers

We have determined our volunteer mission as "To increase Brisa employees' awareness about social responsibility, to transmit competence, knowledge, accumulation and skills with "us" consciousness in a sustainable way".

We are carrying on "Brisa Kartopu Volunteers" practices with support of the "Private Sector Volunteers Association" by attending Volunteer Training Program and Workshop since 2010. We are supporting female students in vocational schools by Vocational High School Coach program with the help of Private Sector Volunteers Association.



CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Brisa runs all of its operations with respect to SPK Corporate Governance Principles.

Statement of Compliance with Corporate Governance Principles

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.'s operations were in full compliance with the Corporate Governance Principles issued by the Capital Markets Board of Turkey, and with the four principles of corporate governance, namely, transparency, fairness, and responsibility and accountability, and the Company makes provisions where circumstances require amendments. With this principle, Brisa has applied and accommodate "Corporate Governance Principles" published by Capital Markets Board of Turkey in 01.01 – 31.12 financial year.

In accordance with the Capital Markets Board (CMB) decision made at the meeting dated 10.12.2004 and numbered 48/1588, companies traded on the Istanbul Stock Exchange (ISE) are required to provide information on compliance with Corporate Governance Principles in their annual reports and on their websites. The Corporate Governance Principles were revised with CMB Communiqué Serial: IV, No: 56 published in the Official Gazette dated 30.12.2011. There have been amendments made in accordance with CMB Communiqué Serial: IV No: 57, published in the Official Gazette dated 11.02.2012 and Serial: IV No: 63, Serial: IV No: 57 and published in the Official Gazette dated 22.02.2012

Finally, in accordance with the Capital Markets Board (CMB) with Cooperate Governance declaration number II-17.1 published in the Official Gazette dated 03.01.2014 Communiqué Serial: IV, No: 56 is abated. At the same time, it is stated that 2013 Corporate Governance Principles Compliance Report to be published in 2014 Cooperate Governance Principles adaptation report is based on the given format of Capital Markets Board council journal number 2013/4 dated February 2013.

Brisa has prepared its 2013 Corporate Governance Principles Compliance Report in accordance to the changes in CMB Communiqué Serial: IV, No: 56 and Communiqué Serial: IV No: 57 and No: 63 based on the given format of Capital Markets Board council journal number 2013/4 dated February 2013.

In this respect, within 2013, in the context of Serial:IV No:56 notifications;

- The Corporate Governance Principles articles , 3, 4, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 32 and 33 were amended, and articles 29, 34, 35, 36 and 37 are canceled by Corporate Governance with the decision No: 2013/2 dated February 2013, in order to comply with Turkish Commercial Code article 6102 and Capital Markets Board (CMB) Article 6362. Change in Corporate Governance Principles Compliance Report is approved in Shareholders General Assembly Meeting. General Assembly has prepared information document in detail and submitted for the review of the shareholders on the Company's web site three weeks before the General Assembly meeting.
- It is approved in General Assembly Meeting dated 02.08.2013, according to Capital Markets Board as per clause 6 of CMB Communiqué Serial: IV No: 63 to establish "Early Identification of Risks Committee"
- Required amendments are made on the company's web site and annual report to adapt to the principles. It is complied with announcement of related information to the public, forming and configuring committees with related party transactions.
- The Company submitted requisite information on time and in a secure, consistent and regular manner to all investors and analysts simultaneously. It organized investor meetings, and sought to reach all investors through press releases and media interviews in order to establish systematic and thorough communications.

Brisa believes in the importance of compliance to Corporate Governance Principles. While full compliance with optional Corporate Governance Principles is targeted, it has not yet been achieved due to reasons such as difficulties experienced in implementation, ongoing discussions, both domestically and internationally platform, related to compliance with certain principles and compatibility issues with the market and the Company's current structure. Relevant developments are monitored, and we continue our efforts toward full compliance.

Over the coming period, the Company plans to continue undertaking necessary studies toward compliance with Capital Markets Board (CMB) with Cooperate Governance declaration number II-17.1 published in the Official Gazette dated 03.01.2014, while taking legislative and implementation related developments into account.

With regards to comply Cooperate Governance Management Principles within Cooperate Governance Principles, with 2014/1 decision dated 21.01.2014, it has been applied to declaration number II-17.1 Capital Markets Board (CMB) and T.C. Ministry of Customs and Trade General Directorate of Domestic Trade to make amendments on the articles 14 and 28 of Corporate Governance Principles, obtained permission on 07.02.2014 and published in the Company's web site for shareholders. Changes in Cooperate Governance Management Principles will be presented for approval of the shareholders in the upcoming Ordinary General Assembly meeting.

PART I - SHAREHOLDERS

1.1 Shareholder Relations Department

With regard to the exercise of shareholders' rights, the Company takes into account applicable legislation, the Articles of Association and other internal regulations, and takes measures to ensure the exercise of these rights. At Brisa, the Company's Chief Financial Officer directs relations with shareholders. The main objective of the Company and the Shareholder Relations Department is to perform the following activities to fulfill shareholders' right to obtain information and fully exercise their rights arising from the partnership in the shortest possible time:

- To ensure that shareholder records are kept healthy, securely and up to date,
- To meet the verbal and written information requests of its shareholders about the Company, with the exception of confidential information and trade secrets, not disclosed to the public,
- To ensure that the General Assembly is held in accordance with applicable legislation in force, the Articles of Association and other internal regulations,
- To prepare those documents which may benefit shareholders at the General Assembly Meeting,
- To record voting results and send reports upon shareholder request,
- To monitor all issues related to public disclosures, including relevant legislation and the Company's disclosure policy,
- To inform analysts evaluating the Company,
- To send all kinds of information and documents, in accordance with internal Company bylaws, in a timely, accurate and comprehensible manner to regulatory and public authorities,
- To take CMB Communiqué Serial: VIII, No: 54 into consideration, to notify the public through the KAP (Public Disclosure Platform) on the requisite Material Event Statements,
- To prepare the Investor Relations section of the Company website (www.brisa.com.tr) in Turkish and English, to update content in the shortest possible time, and to enable shareholders to access information on the Company online, swiftly and conveniently,
- To monitor amendments to relevant Capital Markets Board legislation and to submit these to the attention of relevant units within the Company.

Written and verbal requests for information received from shareholders throughout the year were responded as prescribed by the Capital Market Law, without making any discrimination between shareholders. For the 2013 accounting period, 50 phone calls and 10 e-mails inquiring about the dates of the General Assembly, capital increase, and dividend payment were answered. The 10 of our shareholders, who applied to the Company during the year for share information updating, were updated in person.

Meetings to share information about Company's activities with shareholders throughout 2013 are summarized as in the below table:

Number of investor meetings attended abroad	5
Number of meetings with investors and analysts	20
Number of Teleconferences about financials	6
Number of analysts meetings held	10

During 2013, in accordance with CMB regulations, the Company made 36 announcements through the KAP. These statements were made on time, and no penalties were imposed by the CMB or ISE.

The contact information of officers working in the Shareholder Relations Department is found below:

Contact Persons

Name Surname	Title	Phone Number	E-mail
Reşat Oruç	Budget and Finance Manager/Shareholder Relations Department Director	0262 316 57 00	r.oruc@brisa.com.tr
Gemal Aydemir	Shareholders Relations Department Office	0212 385 84 50 Extension no.28467	c.aydemir@brisa.com.tr

To fulfill the obligations inflicted from the company's Capital Market legislation and the coordination in the corporate management applications is provided by, Capital Market's Board Advanced Level License (License number :203738) with Capital Market's Board Corporate Management Rating License (License Number: 700270) owner Serafettin Karakis and Capital Market's Board Advanced Level License (License Number:203047) owner Ipek Rakunt.

Besides, "Corporate Intermedium Contract Regarding Central Registration System" is signed between AK Yatırım Menkul Değerler A.Ş and the company on 10.02.2009 in order to fulfill the issuer operations before Central Registration Institution and within this scope concerning the services to be given to the company partners. In 2013 the closing of this agreement continued.

Allottee and Relations Unit will be restructured as Investment Relations Department within the time span as projected at the statement as changes being made according to the 11th Article of CMB II-17.1 numbered Corporate Management Statement.

1.2. The Exercise by Shareholders of Their Right to Obtain Information

According to Company's information sharing policy, disclosures will be available with the same content for all shareholders, potential investors and analysts in order to act equal and be fair. All information sharing is realized within the scope of previously disclosed information to the public.

In 2013, the Shareholders Relations Department received shareholder requests via telephone, e-mail and face-to-face interviews. These requests were responded to, and with information related to shareholders disclosed on the www.brisa.com.tr website within the mandatory notification timeframe. While it is possible to view the annual report on the Company's website, announcements to shareholders, material events disclosures and interim financial reports were provided for the information of the shareholders through the website starting in 2005. Material event disclosures, financial statements and other Company information, required for submission to the Istanbul Stock Exchange within the scope of the KAP, are sent electronically with an electronic signature.

In 2013, there has not been any information published on Company's web site about shareholders and any information that could affect their shareholder rights.

The Articles of Association contain no procedure for the appointment of a special auditor as a right. No shareholder request was received during 2013 on this issue.

1.3. General Assembly Meeting

Brisa's Ordinary General Assembly meeting for 2013 was held on 25.03.2013 and attended by shareholders representing 89,12% of the Company's capital.

2012 Ordinary General Assembly agenda is determined on 01.03.2013 General Assembly decision No. 2013/4 communicated with General Assembly meeting notes in www.kap.gov.tr and www.brisa.com.tr web sites 21 days before. In addition to the web site, it is published in Takvim Newspaper in Turkey issue dated 01.03.2013 in order to reach as much as possible shareholders.

The annual report, covering audited figures for the year 2012, financial statements and other reports of the year 2012, a profit distribution proposal, informational documents on the agenda of the General Assembly and other documents related to the agenda, as well as the updated Articles of Association and amendments to the Articles of Association and their justification, were submitted for the review of our shareholders, at our head office in Istanbul, on our website and on the KAP 21 days before the General Assembly meeting. Questions relating to the aforementioned documents were responded to.

2012 Shareholders Ordinary General Assembly meeting is implemented under the supervision of Ministry Representative Kezban UDGU who is charged by Istanbul Governorate Province Trade Management on 22.03.2013 and 8574 numbered document, at 10.00 o'clock, on 25.03.2013, at the company address, Istanbul, Besiktaş, 4. Levent, at the Sabancı Center Hacı Ömer Sabancı Holding Conference Hall. Stakeholders attended the Ordinary General assembly themselves and with their delegates in a physical setting and electronically setting.

The meeting is performed with the Electronical General Committee System application which is one of the juridical innovations that is brought by 6102 numbered Turkish Trade Law and put in force 1527th article of Turkish Trade Law. In this respect, shareholders who want to use Electronical General Committee System got connected to the Company Ordinary Assembly meeting via internet and followed the General Assembly meeting through live performance concurrently as the meeting hall and voted.

In General Assembly;

- As a separate agenda item, information has been given to the General Assembly regarding the Company's charitable activities for foundations and associations which is 232.880,50 TL. The monetary value of such charitable donations may be seen in the Company's annual report.
- For 2013 it is decided to keep upper limit of charitable activities for foundations, as Company's 5% net profit.
- In accordance with Turkish Commercial Code article number 6102 and Capital Market law number 6362, it decided to deploy DRT Independent Auditing and Independent Accountant and Financial Advisor A.Ş. as independent auditing firm to audit Company's financial reports and other responsibilities under this law in 2013 for one year.
- "Internal Directive about Guidelines on Corporate Governance principles and practices" that is prepared by Corporate Governance is approved.
- Corporate Governance Principles amendment is approved.

During Corporate Governance meeting stakeholders has used their rights to raise questions and got relevant responses.

Shareholders did not give any agenda suggestions at the General Assembly.

The decisions made at the General Assembly are announced at the www.kap.gov.tr website.

General Assembly protocols are presented to shareholders perusal at the company's headquarters regularly since 2005. These protocols can be reached both from www.kap.gov.tr and www.brisa.com.tr.

There was no Extraordinary General Assembly meeting held in 2013.

1.4. Voting Rights and Minority Rights

According to the Corporate Governance Principles, at the General Assembly, each share holds one vote. There are no privileged voting rights.

No cumulative voting rights were included in the Articles of Association, with a view to preserving and maintaining the currently harmonious management structure of the Company.

There is no company that is a subsidiary of another.

In the Articles of Association, there is no ruling relating to the representation of minority rights in the management of the Company in 2013.

1.5. Dividend Policy

Pursuant to the Articles of Association, the Hacı Ömer Sabancı Foundation, and the Board of Directors enjoy privileged status relating to Company profits. This privilege is calculated in accordance with the Articles of Association. The General Assembly resolves on the amount of profit distributable to the Board of Directors in accordance with the Articles of Association.

In addition to this, in accordance with the purpose of aligning Corporate Management Principle within CMB II-17.1 numbered Corporate Management Declaration, with the 2014/1 numbered decision of the Management Board that is taken on 21.01.2014, filed an application to the Ministry Of Customs and Trade General Directorate of Domestic Trade and Capital Market' Board for modification of the enterprise prime contract articles of 14 and 28, all the necessary permissions are taken. At the first Ordinary General Assembly meeting the changes on the prime contract will be submitted to the votes of the shareholders, if the changes are accepted, the members of the Board of Directors will lose their concession on the profit.

In accordance with the dividend policy, the Company pays at least 30% of distributable profit to shareholders as a dividend in cash in accordance with CMB regulations and the Company's Articles of Association no matter what acquisition dates may be. Each year, the Board of Directors, taking into account the funds required for the sustainable growth of the Company, prepares a proposal on the distribution of profit, and submits it for General Assembly approval.

This information appears in a separate section of the 2012 Annual Report, and has been submitted to shareholders and disclosed to the public.

According to the financial results of enterprise 2012 year, beginning from 28.03.2013 77.741.536,25 TL profit share is distributed, 72.007.582,50 TL is distributed to the shareholders, 5.733.953, and 75 TL is distributed to the Hacı Ömer Sabancı Association that holds a dividend share. There is no profit share payment done to the members of the Board of Directors

1.6. Transfer of Shares

As provided in detail under the Articles of Association (Article 31), the transfer of preferred shares owned by controlling shareholders, Hacı Ömer Sabancı Holding A.Ş. and Bridgestone Corporation are subject to certain limitations. In brief, when transferring their shares, controlling shareholders should first make their offers to each other. Controlling shareholders may not transfer their shares to a third party, who is deemed to be, or will be, or who is expected to be the competitor of either Sabancı Holding or Bridgestone, or of affiliates or subsidiaries thereof, in the sense of engaging in the same, or similar fields of activities as them.

The Articles of Association contain no provision restricting the right to transfer of other shareholders.

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

2.1. Public Disclosure Policy

2.1.1. Aim

Brisa abides by the principle of maintaining transparent and close communications with its shareholders. To this end, the basic objective of Brisa management is to formulate and implement strategic plans and share the results thereof equally with shareholders, investors and capital market specialists, and participants, completely, fairly, accurately, in a timely and comprehensible manner, in full compliance with applicable legislation, generally accepted accounting principles and the provisions of the Capital Market Law.

With respect to public disclosures, Brisa acts in accordance with the provisions of the Capital Market Law, as well as the regulations of the CMB and ISE. It also shows due consideration in complying with rules related to the Corporate Governance Principles of the CMB.

The Public Disclosure Policy is applicable to all Brisa employees and consultants, and regulates the written and verbal communications of Brisa with capital markets participants.

2.1.2. Authority and Responsibility

Pursuant to Corporate Management Principles, information policy regarding the public disclosure, at the 518 numbered Board of Directors meeting of the company on 30.04.2009, promulgated at the Turkish Trade Registry Gazette dated 06.02.2009 Seri: VIII, Number:54 by CMB about "Declaration Regarding The Principles on Announcing The Special Cases to Public" is voted, on 05.05.2009 it is shared with public (www.kap.gov.tr) and put on the company website. The Board of Directors is responsible for following and complying with, supervising and improving the public disclosure policy of Brisa A.Ş. The Chief Financial Officer is duly commissioned and authorized to observe and comply with all rules and matters related to public disclosures.

2.1.3. Methods and Tools for Public Disclosure

Public disclosures are performed by means of material event disclosure statements, financial statements and reports, annual reports, websites, presentations, investor meetings, and press releases. In line with the Capital Market Law and Turkish Commercial Code provisions, the basic tools and methods used by Brisa A.Ş. relating to public disclosures are as follows:

- Material event disclosure statements sent to the Istanbul Stock Exchange (made simultaneously in the electronic environment via KAP);
- Financial statements and footnotes, as well as independent audit reports, declarations and annual reports periodically sent to the ISE (made simultaneously in the electronic environment via KAP);
- Announcements and memorandums made through the Turkish Trade Registry Gazette and daily newspapers;
- Press statements made through written and visual media;
- Statements made through data distribution agencies such as Reuters, Foreks, and similar;
- Briefings and interviews with capital market participants;
- Corporate website (www.brisa.com.tr);
- Statements made through other means of communication, such as phone, e-mail, fax and so on.

2.1.4. Disclosure of Financial Statements to the Public

The financial statements and footnotes of Brisa are created in line with the provisions set forth by the Capital Markets Board. These are audited by an independent auditing firm in accordance with International Auditing Standards, and disclosed to the public upon communication to the ISE. Prior to the public disclosure of financial statements and footnotes, these are submitted for Board of Directors approval in accordance with the provisions of the Capital Market Law. Once the financial statements, footnotes and independent audit report are disclosed to the public, such disclosure is announced in the electronic environment simultaneously as a notice on the Public Disclosure Platform (KAP).

2.1.5. Public Disclosure of Annual Report

Annual reports are prepared in compliance with the Capital Market Law and CMB's Corporate Governance Principles, and are submitted for Board of Directors approval. Annual reports are disclosed to the public along with financial statements and footnotes.

2.1.6. Public Disclosure of Material Events and Authorized Persons

Preparation of the material event disclosures of Brisa A.Ş. is under the responsibility of the Chief Financial Officer, and such disclosures are communicated in the electronic environment to the Istanbul Stock Exchange as a notice on the Public Disclosure Platform, with the signatures of the General Manager and Chief Financial Officer.

Information is considered important and material, where any reasonable investor is most likely to find it to be so.

When any employee of Brisa A.Ş. discovers that any important and material information, not previously disclosed to public, has been disclosed to the public unintentionally, s/he is required to promptly notify the Finance Department. In such cases, the Finance Department shall ensure that a material event disclosure is prepared and communicated to the Istanbul Stock Exchange, as stipulated by the provisions of the Capital Market Law.

Brisa discloses material event statements to the public on the Company's website (www.brisa.com.tr) at the latest within one day, and maintains such disclosures on the website for a period of five years

2.1.7. Persons Authorized to Make Public Disclosures

Other than the aforementioned disclosures, written and verbal requests for information communicated by capital market participants, or any other person/entity shall be assessed by the Finance Department. The assessment shall take into account, depending on the nature of the request, whether such information requested is commercially confidential, or else might impact the investment decisions or value of the capital market instruments in accordance with the Communiqué on Principles Regarding Public Disclosures of Material Events, Serial: VIII and No: 54. Such written and verbal requests for information shall be responded to by the relevant department upon proper assessment by the Finance Department. Furthermore, unless so commissioned by the management, no employee of Brisa A.Ş. may reply to the questions of capital market participants. Any such requests for information shall promptly be directed to the Finance Department.

2.1.8. People with Administrative Responsibility

People with administrative responsibility are those with regular access to insider information regarding Brisa, directly or indirectly, and who hold the power and authority to adopt administrative decisions on the future development and commercial goals of Brisa.

Brisa prepares a list of those with regular access to insider information relating to Brisa, and updates this list in the event of any changes therein at the Central Registry Agency (MKK). Lists are communicated to the CMB and ISE when so requested. The list of those with regular access to insider information is kept for a period of eight years after each update.

People those who have access to insider information, have received a declaration about protecting this information and not using inconveniently liability. It is paid pay strict attention to include those who are added to the list.

2.1.9. Communication with Capital Market Participants

Brisa A.Ş. guides no one, and gives no guidance, on expectations related to interim and annual operating results. Instead, Brisa A.Ş. prefers to communicate to, and share with capital market participants, those important elements that lead to a better understanding of critical subjects and strategic approaches, as well as the industry and the area of activity. Communication with capital market participants falls solely under the responsibility of those persons for, and on behalf of Brisa, authorized to make public disclosures, unless otherwise specified by the public disclosure policy.

Brisa, in principle, offers no comment or opinion on market rumor and speculation. Brisa merely follows up news and rumors related to the Company that appears in various media channels. The Finance Department assesses whether or not such news, information and rumors will have an impact on the Company's capital market instruments.

The Finance Department resolves on whether or not a material event disclosure is required in accordance with Article 18 of the Communiqué on Principles Regarding the Public Disclosure of Material Events, Serial: VIII, No: 54 of the Capital Markets Board.

However, in the event of any verification request by the Capital Markets Board or Istanbul Stock Exchange in accordance with the Capital Market Law, or where the management deems it appropriate to provide a reply on the matter, an explanatory statement is made on rumors and news in the market.

2.1.10. Meetings and Interviews with Investors and Analysts

The Chief Financial Officer is responsible for maintaining regular relations with existing and potential shareholders, responding to investor inquiries in the best possible way, and working on the activities intended to improve the market value of the Company.

The Chief Financial Officer is responsible for maintaining regular relations with existing and potential shareholders, responding to investor inquiries in the best possible way, and working on the activities intended to improve the market value of the Company. The Chief Financial Officer and the Budget and Finance Department reporting therein are responsible for ensuring relations with the shareholders to disclose the operations and the financial performance of Brisa in an optimal manner. All incoming requests for meetings by shareholders are positively responded to and the opportunities of holding high level interviews are provided in line with such requests.

2.1.11. Quiet Period

Brisa A.Ş., at certain periods of the calendar year, avoids disclosing financial results and other related subjects with capital markets participants. Such periods are called quiet periods. Brisa's quiet period starts on the 15th day of the month following the end of the interim and annual accounting period, and ends one business day after the public disclosure of financial reports and footnotes.

2.1.12. Brisa's Website and Content

The Company's website is accessible at www.brisa.com.tr.

The website is actively used in providing information to the public, and in sustaining relationships more effectively and swiftly, as well as for constant communication with shareholders, in line with the CMB's Corporate Governance Principles.

The information available on the website does not supersede the notices and material event statements required pursuant to the Capital Market Law. All public disclosures of Brisa A.Ş. are also made available on the website, which is configured and organized accordingly, with all measures taken to ensure its security. The content of the website is provided in both Turkish and English, and has a format and content that reflect the Corporate Governance Principles. In particular, the announcements and agendas of General Assembly meetings, informational documents related to the agenda, other information, documents and reports related to the agenda and participation methods of the General Assembly are clearly indicated on the website. An ongoing effort is made to improve the website wherever possible.

- Important headings available on the website are summarized as follows:
- Detailed information regarding corporate identity,
- Mission, vision, values, and ethical standards,
- Details and information on the Board Members and Senior Management,
- Shareholding structure of the Company,
- Articles of Association of the Company,
- Trade registry information,
- Current and past annual reports,
- Current and past periodic financial statements and independent audit reports,
- Press releases,
- CMB material event statements,
- Information on the date, agenda and agenda topics of the general assembly meeting,
- Minutes of the general assembly meeting and the list of participants,
- Sample of power of attorney documentation,
- Guidelines on Corporate Governance principles and practices
- Corporate Governance Principles Compliance Report,
- Public Disclosure Policy
- Payment Policy.

2.1.13. Annual Report

Annual report of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. is prepared in detail for public to reach all correct information fully and timely about company's activities in accordance with "Regulations About Determining The Minimum Content of The Company Annual Activity Report" that is announced at the Turkish Trade Registry Gazette on 28.08.2012 and came into force at Customs and Trade Ministry and " The Main Statement related to Financial Reporting at the Capital Market" numbered CMB II-14.1, in compliance with the Corporate Management Principles. It is approved by the Board of Directors and disclosed to the public along with the financial statements. It is accessible on the Company website (www.brisa.com.tr).

In this respect, Brisa 2012 Annual Report, in the scope of regulations of Instructions and Capital Market Law, Turkish Trade Law, is submitted to the shareholders on the company internet website and Central Registry Agency's Electronical General Assembly portal, at the company headquarters throughout the 3 weeks before the 2012 Ordinary General Assembly meeting, is read and discussed at the Ordinary General assembly on 25.03.2013.

PART III - STAKEHOLDERS

3.1. Information for Stakeholders

Stakeholders include those who have direct relations with the Company, as well as employees, suppliers and the like. Cooperation with stakeholders is deemed to be of long-term benefit for the Company. Accordingly, the rights of the stakeholders as stipulated in legislation and by mutual agreement and contract must be respected and protected.

Within the scope of the public disclosure policy, information that does not constitute trade secrets is made public via the media, meetings and other appropriate channels.

Company employees are informed on their areas of expertise, and on general topics they are interested in through meetings, organized seminars and training, and via electronic mail. A portal for employees featuring a comprehensive range of information regarding their interests is available.

The Internet based “Dealer Information System” provides all essential information for Company dealers, the most important links to the end-user. A dealer database management system has been developed to assist the Company’s dealers in managing their relations with employees and corporate customers. In addition to these systems, a “Dealer Automation Service” (BOS) integrated with the Company system, assists dealers in managing their business more efficiently. Elsewhere, the Garanti system (e-garanti) provides service and information on Company products and services and is a vehicle for approaching the end-user. There are also numerous support systems, such as “Customers Application Management,” which is used in Company customer care activities. A full range of information integrated with Brisa’s CRM Model and addressing the dealers and users is available. Informational sessions that include all dealers are also held through general and local meetings.

There are also a large number of supplier companies engaged in direct business relations with this Company. These suppliers are kept informed through meetings, visits and announcements.

The Company has adopted ethical principles that safeguard the rights of stakeholders by forming an Ethics Committee. Stakeholders can contact the Ethics Committee via e-mail: etik@sabanci.com , by telephone: (212) 385 85 85 or else directly call the Ethical Principle Consultant (Employee Relations Director) at: (262) 316 58 00. When necessary the Audit Committee and/or Corporate Governance Committee are also informed

3.2. Stakeholder’s Participation in Company Management

The Company implements a management model built upon employees’ contribution to the development of the Company’s key policies.

It also extends these policies throughout its structure, turning them into targets for the realization of planned implementation, and as a means of reviewing the results to ensure further improvement of related processes.

White-collar employees participate in the management through periodic company meetings (a minimum of twice a year) and meetings held to assess annual targets and evaluate performance. Employees, working with a 360-degree feedback mechanism report to management and colleagues. The results are evaluated at various management meetings, and necessary action plans for changes decided upon are made. With this approach, the necessary employee participation and contribution is sought, and their support acted on in the interests of efficient systems management.

Coordination with blue-collar workers is done when setting regulations on work conditions, the work environment and employee rights. Meetings are held where feedback from the Lastik-İş Trade Union is obtained.

At meetings held with stakeholders other than employees (customers, suppliers and the like), the resulting opinions and any issue that arises are taken into consideration when formulating Company policy.

3.3. Human Resources Policy

By taking into account the Company mission and vision, as well as its work ethic, pursuit of excellence and social responsibility related policies, the Brisa Human Resources, Corporate Development and Work Relations vision is as follows: We will provide support to achieve the Company’s long and medium-term business targets; our main philosophy will be “Respect for all of our Stakeholders,” we will aim to be a “Pioneer of Change,” and contribute to a harmonious and consistent working environment, by creating an atmosphere in which employees are proud and happy to work, and are aware of their social responsibility, and where occupational health and safety, environmental awareness, ethical values and a sense of fairness prevail. We also seek to create a climate conducive to individuals who are proactive, highly motivated for success, and who target outstanding performance, and embrace change and development.

In order to maintain relations with our blue-collar workers in the Lastik-İş Trade Union, members of the Kocaeli Branch, Members of Board of Directors, Tezcan Ay and Erol Seymen, and Workplace Union Representatives, Barış Bülent Günel (Chief Representative), Ersin Aytekin, Şakir Yılgin, Yusuf Cengiz Sevim, Salih Selman Enderin and Akın Giray play active roles. Representatives regulate worker relations, while Branch Board of Directors Members regulates relations with representatives and branch management.

The Company's Human Resources Policy adopts the principle of "Equal Opportunities for Individuals with Equal Conditions." The Company's principle is fair treatment of all employees, and the safeguarding against discrimination with regards to religion, language, race and gender. Accordingly, the Company takes all necessary precautions to protect employees against any form of abuse.

No complaints of discrimination in any form were received from employees in 2013, or prior to that year.

Job descriptions of Company employees, along with the distribution, performance and reward criteria are announced. Performance is taken into account in designating wages and employee benefit.

3.4. Ethical Rules and Social Responsibility

The Company has formulated a Code of Business Ethics and implements its execution. Employees are informed of the rules, which are published on the Company's internal communication portal, via the distribution of printed booklets to all employees and provision of informational training. In addition, at the end of each year, employees participate in an e-learning program, updating their knowledge of business ethics and commitment to ethical business practices by completing a "Business Ethics Compliance Statement."

The Company's Social Responsibility Policy based on the understanding that "our choices determine our future" and can be summarized as follows:

For Brisa, existence through the fostering of diversity matures with an understanding of social responsibility. The expectations of customers, employees, shareholders, suppliers, business partners, competitors and broader society depend on, and are shaped by, the Company's business practices, culture and values. Company management is therefore based on an awareness of social responsibility.

- For Brisa, Social Responsibility entails:
- Complying with the Company's Business Ethics (SA-ETİK) guidelines as relates to all responsibilities, decisions and actions beyond the scope of legal requirements.
- Showing respect for human rights and principles related to the workforce; supporting the abolition of forced labor and child labor.
- Striving to avoid privileged situations in employment and work relations.
- Taking all necessary measures to create a safe and healthy workplace.
- Conserving nature for sustainable living, and supporting effective resource management.
- Consistent improvement and further development of the social responsibility ethic;
- Implementing a public disclosure policy, as well as fostering an awareness of the key role of communications in sustaining the Company, the Group, and all stakeholders in the meeting of desired objectives.

Brisa's main social responsibility projects carried out within the scope of corporate citizenship activities, in the reporting year of 2013, are presented under the "Sustainability" and "Corporate Social Responsibility" sections.

PART IV – BOARD OF DIRECTORS

4.1. Structure and Composition of the Board of Directors

Board of directors are managing and representing the Company by protecting articles of Company's activities, Articles of Association and internal regulations also by taking strategic decisions risks and benefits in to consideration and watching out for long-term interests of the Company.

The Company is managed and represented by a Board of Directors, consisting of at least 11 members, who are selected during Ordinary General Assembly Meeting on 27.04.2011 in accordance with Turkish Commercial Laws and Capital Markets Board sentences and Corporate Governance Principles, will be on duty until 2014 Ordinary General Assembly Meeting on 2015.

The Board of Directors consists of executive and non-executive members. The majority of the Board of Directors consists of non-executive members, as described in the Corporate Governance Principles. Among the non-executive Board Members are two independent members, who are capable of carrying out their duties free of any influence. These members are elected by Board Members at the General Assembly in accordance with Corporate Governance Principles.

As stipulated by Capital Markets Board Corporate Governance Principles Article 4.3, necessary amendments have been made to the Articles of Association to include independent members. With Board of Directors decision No. 592 dated 03.04.2012 and Board of Directors decision No. 598 dated 24.04.2012, it was decided to submit a list consisting of two Independent Board Member candidates at the Ordinary General Assembly on 27.04.2012. Independent Board Member candidates submitted their declaration of director independence to the Board of Directors. During the related reporting period, no incident has jeopardized the independence of the Independent Board Members.

The membership duration for Members of the Board of Directors is a maximum of three years. It is possible to re-elect a member, whose term has expired. In the event of a vacancy for whatever reason, the Board of Directors selects a new member at the General Assembly, whose name is submitted for approval at the next scheduled meeting. The elected member then completes the term of his predecessor.

Pursuant to the Article 6103 Turkish Commercial Code validity and pursuant to the article 25 Manner of Application Law, according to Article 25 of the Law on the Effective Date and Enforcement of Turkish Commercial Code No. 6103, Board Members of the Company resigned from their posts with an election subsequently taking place for vacated seats. This was done in accordance with Company's Articles of Association, relating to Board decisions; No. 609 dated 18.09.2012, No.610 dated 19.09.2012, No. 611 dated 20.09.2012, No. 612 dated 21.09.2012, No. 613 dated 24.09.2012, No. 614 dated 25.09.2012, No. 615 dated 27.09.2012, No. 616 and 617 dated 28.09.2012.

As per to the Shareholders Ordinary General Assembly on 25.04.2013, Güler SABANCI, Asahiko NISHIYAMA, Mehmet Nurettin PEKARUN, Mustafa BAYRAKTAR, Kunitoshi TAKEDA, Barış ORAN, Mübin HAKAN BAYMAN, Kazuyuki EGUCHI and Seiichiro TOKUNAGA are elected and approved to serve in 2012 year of increasing operation according to Article 25 of the Law on the Effective Date and Enforcement of Turkish Commercial Code No. 6103.

With decision numbered 2013/9 dated 26.03.2013, our Company's General Assembly has done distribution of work according to Company's Articles of Association among them.

Board member Asahiko NISHIYAMA has resigned as of 28.03.2013, and Narumi ZAITSU is going to be presented for approval to replace board member Asahiko NISHIYAMA, in the next Board of Directors meeting.

Executive and non-executive members of the board and independent members' distribution are as below:

Name Surname	Title	Terms of Service	Duties Outside the Company
Güler Sabancı	Chairman of the Board of Directors - Non-Executive	25 years	Chairman of Sabancı Holding Board of Directors of, Managing Member
Narumi Zaitzu	Vice Chairman of the Board of Directors - Non-Executive	Since 28.03.2013	Bridgestone Corporation Senior Associate President of International Operations
Mehmet Nurettin Pekarun	Member of the Board of Directors - Non-Executive	3 years	President of the Industrial Group of Sabancı Holding
Mustafa Bayraktar	Member of the Board of Directors - Non-Executive	10 years	Chairman of the Board of Directors of H. Bayraktar Yatırım Holding A.Ş.
Barış Oran	Member of the Board of Directors - Non-Executive	Since Company's General Assembly dated 27.04.2012	President of the Planning, Reporting, Financing Department of Sabancı Holding
Kunitoshi Takeda	Member of the Board of Directors - Non-Executive	Since 01.09.2012	Vice President of Bridgestone Corporation Responsible for Asia-Pacific, China, Middle East, Africa, Russia Operations
M. Hakan Bayman	Member of the Board of Directors/ General Manager - Executive	5 years	
Kazuyuki Eguchi	Member of the Board of Directors/ Coordinator of the Executive Board - Executive	3 years	
Seiichiro Tokunaga	Member of the Board of Directors/ Chief Technical Officer - Executive	3 years	
Hasan Cihat Erbaşol	Independent Member of the Board of Directors	Since Company's General Assembly dated 27.04.2012	Legal Advisor
Hüsnü Paçacıoğlu	Independent Member of the Board of Directors	Since Company's General Assembly dated 27.04.2012	Member of Sabancı Foundation Board of Trustees and Executive Committee

The resumes of members of the Board of Directors are included in the annual report.

4.2. Board of Directors' Principles of Activity

As outlined in the Articles of Association, the Board of Directors meets pursuant to Company business and transaction requirements. However, a meeting must be held at least once every three months. The Board of Directors meets upon the invitation of the Chairman.

The agenda of the Company Board of Directors meeting is decided upon in discussion with the Chairman of the Board of Directors, current Board Members and the General Manager. The agenda is then communicated to each Board Member with 10 days' prior notice. Members seek to participate in all meetings, and to comment on the issues discussed therein.

The Board of Directors held a total of 22 meetings in 2013, four of which were in person meetings and 18 of which were conducted through written consent in line with the provisions set forth under the Turkish Commercial Code and the Company's Articles of Association.

Unanimity is sought where decisions on issues are made, in compliance with the Corporate Governance Principles. Each Member of the Board of Directors has one vote. Pursuant to the provisions set forth in the Articles of Association, resolutions of the Board of Directors shall be valid upon the favorable votes of eight or more members of the 11 member Board.

No contrary views were expressed by the Members of the Board of Directors at the meetings held in 2012. And since Board Members raised no questions, no records were kept.

The Members of the Board of Directors have no weighted voting right and/or veto right.

During the reporting period, there were no related party transactions, or transactions of an important nature, and no transaction was rejected and submitted for General Assembly approval.

The background and experience of the Members of the Board of Directors comply with the applicable articles mentioned in the Corporate Governance Principles. Minimum qualifications for Board Members are not included in the Articles of Association.

Management rights and the representational authority of the Company's Board of Directors are defined in the Articles of Association.

At the 2012 Shareholders Ordinary General assembly meeting conducted on 25.03.2013 in accordance with the Capital Market Board Corporate Management Principles articles 1.3.7. numbered: the fact that the shareholders who holds the management of the company, board members, executive directors and their spouses and their second degree blood relatives and alliances, did not take part in any sort of activity that could create conflict of interest against the company or its related partnerships, did not do any sort of business for themselves or on behalf of somebody else, that is in the same business and trade line that the company or related partnerships is involved in, or that they are not involved in another company that is in the same mercantile business area with the unlimited responsibility partner title, is submitted to partners information.

In 2013, Chairman of the Board of Directors and its members, did not make any business transactions either for themselves or on behalf of others with the company and did not undertake an enterprise that would compete in the same subject of activity, even with the permission given by General Assembly in accordance with Turkish Trade Law articles 395 and 396.

4.3. Committees of the Board of Directors, Number, Structure and Independency

In order to obtain Board of Directors to fulfill their responsibilities and duties, considering CMB's Corporate Laws, CMB regulations and Corporate Governance Principles Auditing, Audit Committee, Corporate Governance Committee and Early Identification of Risks Committee are formed.

Decisions taken according to independent actions by committees are presented to Board of Directors as a suggestions and final decision is given by Board of Directors.

As per clause 6 of CMB Communiqué Serial: IV No: 63 On Amending the Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles, which was promulgated on 02.03.2013; the duties of the Early Identification of Risks Committee cannot be performed by the Corporate Governance Committee as of this date. Hence, an Early Identification of Risk Committee will be established as an independent committee.

Due to Early Identification of Risks Committee is being departed from Corporate Governance Committee; Corporate Governance Principles is revised and approved by board of directors. It is decided that Corporate Governance Committee to take over and fulfill Nomination Committee and Earnings Committee's duties.

Brisa, has procured structuring of Board of Directors pursuant to Corporate Governance Principles notices. In this context, Hüsnu PAÇACIOĞLU is a member of all three committees for the reasons that Auditing Committee and head of other committees needs to be composed by totally independent board members.

The Committees carrying on their actions systematically since the day they are established.

There has not been any conflict of interest in the Committees in 2013.

Information about the Committees of the Board of Directors is as below:

Audit Committee

The duty of the Audit Committee established with the Board of Directors' Decision on 21.03.2003 is , in the scope of article 28/A added with Seri:X, No:19 Declaration with the CMB's Seri: X, No:16 numbered Declaration about Independence Audit in the Capital Markets, to give information about the activities and operations of the independent audit and internal control systems, services of the internal audit department, financial information declared to the public, company's accounting system and financial reports and monitor the functions of the company in relation with the company's cohesiveness to the ethical rules, Corporate Management Principles as well as the laws and regulations of CMB Legislation in particular.

At the Board of Directors meeting conducted on 30.04.2012, numbered 600, the below Board of Directors members are chosen to be the member of Audit Committee and authorized to pursuance of the duties signified with the provisions of the declaration of CMB'S Seri:X, no:22 numbered announcement as the mentioned body.

Name Surname	Title	Board Member Status
Hasan Cihat Erbaşol	President of the Audit Committee	Independent Member of Board of Directors
Hüsnu Paçacıoğlu	Member of the Audit Committee	Independent Member of Board of Directors

The continuity of the members of the Audit Committee is decided as above after the Board of Director's meeting on 25.03.2013 at the 2012 Shareholders Ordinary General Assembly meeting with the decisions made on 26.03.2013, numbered 2013/9.

Members have the adequate information about the financial matters and have experience in this field. They do not undertake execution function and hold independent member title at the Board of Directors. They are appointed by the President Responsible for Audit Committee and member of the Board of Directors. Spokesmanship of the Audit Committee is run by the company's Internal Control department. Board of Directors provides all the necessary support and sources for Audit Committee to function.

Committee gathers at least four times a year, not less than minimum in every 3 months, and presents the results of the meeting as writes to minute to the Board of Directors. They discuss matters like reviewing the works of the Independent Audit Firm, Internal Audit Department, examining the financial tables, work ethics and investigation of the behavioral rules in general at their meetings.

Audit Committee gathered 8 times during the 12 months in 2013, analyzed internal audit reports and approved the audit agenda, submitted a report to the Board of Directors regarding the authenticity and accuracy of the financial reports.

Corporate Governance Committee

The committee that is formed as per clause of Capital Market Board's Corporate Governance Principles, Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. Board of Directors decision numbered 600 and dated April, 2012, internal regulations are approved. And as of decision numbered 2013/14 and dated August, 2013 internal regulations are revised due to demerger of Early Identification of Risk Committee.

Corporate Governance Committee exists of following members:

Name Surname	Title	Board Member Status
Hüsnu Paçacıoğlu	Chairman of the Corporate Governance Committee	Independent Board Member
Mehmet Nurettin Pekarun	Corporate Governance Committee Member	Board Member
Kazuyuki Eguchi	Corporate Governance Committee Member	Board Member

Corporate Governance Committee is formed of at least two members and one chairman in accordance with Capital Market Board's Corporate Governance Principles and Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. Board of Directors.

In the act of having two members in the committee both of the members, in the act of having more than two members, the majority of the members are the members of the Board of Directors.

Chairman of the Corporate Governance Committee is determined by Brisa Corporate Governance among the independent members. In the act of chairman of the board position is not fulfilled for some reason, Chairman of the Board of Directors determines temporary chairman among the committee members. Those who are approved by the chairman can also attend to the meetings.

Corporate Governance Committee meetings are held at least four times per year at a location and date determined by the Chairman.

The Corporate Governance Committee held 5 meetings in 2013.

Early Identification of Risks Committee

As per clause 6 of CMB Communiqué Serial: IV No: 63 On Amending the Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles, which was promulgated on 22.02.2013; the duties of the Early Identification of Risks Committee cannot be performed by the Corporate Governance Committee as of this date.

Company's Board of Directors decided on the meeting dated 02.08.2013 to form Early Identification of Risks Committee and members of the committee to be from broad members as below:

Name Surname	Title	Board Member Status
Hüsni Paçacıoğlu	Chairman of the Early Identification of Risks Committee	Independent Board Member
Mehmet Nurettin Pekarun	Member of the Early Identification of Risks Committee	Board Member
Kazuyuki Eguchi	Member of the Early Identification of Risks Committee	Board Member

Chairman of the form Early Identification of Risks Committee is determined by Brisa Corporate Governance among the independent members.

The Committee is formed of at least two members elected by Board of Directors. Those who are approved by the chairman can also attend to the meetings. Membership duration for Members of the Committee is in parallel with Company's Board of Director's membership duration. Committee is reformed after election of the board members.

Early Identification of Risks Committee meetings are held at least six times per year at a location and date determined by the Chairman.

Early Identification of Risks Committee held 3 meetings in 2013.

4.4. Risk Management and Internal Audit Mechanism

Organization

In accordance with Article 378 of the new Turkish Commercial Code, which entered into force on 01.07.2012, and Communiqué Serial: IV, No: 56 dated 30.12.2011, alongside the relevant sections of the notification; in Companies the shares of which are traded on the stock market, the Board of Directors is responsible for early identification of any factors that threaten the Company's existence, development and continuity, for taking necessary precautions and implementing appropriate solutions to mitigate the risk, and for forming a committee of specialists to enable the system to function and develop.

As per clause 6 of CMB Communiqué Serial: IV No: 63 On Amending the Communiqué Serial: IV No: 56 on the Determination and Implementation of Corporate Governance Principles, which was promulgated on 22.02.2013; the duties of the Early Identification of Risks Committee cannot be performed by the Corporate Governance Committee as of this date.

"Early Identification of Risks Committee" holds all duties stated in Article 378 of the new Turkish Commercial Code. The Early Identification of Risks Committee submits a report every two months and makes an evaluation identifying critical risks, if any, and suggests solutions. The report, which is submitted to the Board of Directors, is also sent to the independent auditor of the Company. The Committee evaluates the efficiency of the risk management system once every year.

The Risk Committee and Risk Management Department were established in the Company to identify all Company risks at an early stage, to manage them efficiently, and enable their integration with Company strategies and procedures. The Risk Committee consists of the Executive Board; whose members are the General Manager, Executive Coordinator, Chief Technical Officer, Chief Marketing Officer, Chief Financial Officer and Financial Assistant; and the Risk Manager

Framework and Duration of Risk Management Department

The Risk Management Department aims to integrate corporate risk management with Company strategies and the corporate culture, and to ensure that in their daily businesses all employees focus on risks, opportunities and legal compliance alongside their job performance; and by this way targets to contribute to the sustainable development of the Company and create value.

The Risk Management Department carries out the following operations within the framework of risk management related policies and standards, as supported and approved by senior management, and identifies and assesses all Company risks. In coordination with those employees, who are responsible for these risks, it determines the strategies and actions required to effectively manage risk. It also follows up on the coordination of the procedures and risk management action plans of these functions, establishing policies and procedures for the Company's risk appetite, and following up on whether the processes are managed. Within this framework, it creates and manages business continuity policies and plans, and undertakes the preparation and dissemination of risk management reports.

During the risk management process, all employees from senior management downwards should have a common conception of risk, including the risks of the Company in addition to basic risk awareness, and determine the risk management responsibilities and allocate responsibility, monitor and report changes, and adopt a flexible and open-minded approach to the situation; these are considered to be the critical factors of success, and are widely accepted as the key strategic targets of the Company.

The Risk Management Department realizes the following activities: Each year it organizes risk assessment workshops with managers and employees from all Company functions; determines and defines the strategic, financial, operational and compliance related risks of these functions; measures and prioritizes the financial, reputational, environmental and humanitarian loss risk scenarios, decreases or eliminates the negative impact of such risks, or else decides on strategies and actions to address them; determines key risk indicators and risk tolerances; and follows up on existing risk management actions. The Risk Committee meets annually to evaluate annual risk assessment results and risk management strategies.

The Risk Management Department on a monthly basis shares the following actions with the entire management team: Quantitative indicators of the Company's key risks and monthly development trends, their position as per determined limits and tolerances, the reasons behind any observed deviation, as well as costs and sources of business interruptions, and actions taken. Thus, the target is to provide an early warning mechanism for emerging risks, and to ensure that all functions interact efficiently to perceive common risk and formulate a management strategy. In addition to this, specific risk studies, prepared from global or local sources and containing risk analysis, are shared with related managers in report form.

The Corporate Governance Committee, which was formed among Board Members, prepares a report for the Board of Directors every two months, based on information received from the Risk Management Department and Risk Committee. In the report, a status evaluation is made for key risks. Once a year, the Company's risk management system efficiency is evaluated.

Operational Risk Management and Work Continuity Planning

The Company aims at providing the highest value to its stakeholders. It gives the utmost importance to all work processes, and to the continuity of corporate operations. The following operational risk management activities of the Company are realized: Emergency response during incidents, crisis management, business continuity and recovery. These are done on a platform covering all employees, based on a planned road map and together with continuous review and improvement.

The Risk Management Department prepares business continuity policies and plans together with the relevant functions in order to keep losses arising from business and production interruptions that may be caused by supply chain problems, IT interruptions, machine breakdowns, fire & natural disaster, pandemic diseases and by the realization of other operational risks, at a minimum level. Also, the Department implements them throughout the Company as well as updates and tests them for effectiveness. Without compromising product safety and quality, compliance to laws and regulations, corporate reputation, awareness of social responsibility, primacy of human life and environmental awareness; the ultimate aim of these studies are:

- To ensure, incident/emergency management and accurate internal/external communication for emergency situations,
- To develop and continuously improve response plans so as to ensure the continuous delivery of critical services to our customers.
- To ensure the effective and efficient use of all resources where personnel and other resources are limited.
- To minimize downtime for the sake of the Company, its customers, suppliers and other critical stakeholders.
- To ensure efficient transition to back to normal following the recovery after a possible interruption.
- To invest in infrastructure so as to minimize the potential of downtime,
- To reduce the negative financial and reputational impact of business interruptions.

Employees have the main responsibility in identifying the reasons behind business interruptions related to the operational processes they manage, taking precautions and implementing the business continuity plans that were prepared with their contribution in a timely and correct manner when necessary. The Risk Management Department is responsible for business continuity planning for the entire company, and for reviewing it and coordinating implementation. It has developed a corporate policy and guideline for business continuity management and planning in the Company in general, with senior management support.

Internal Audit and Internal Control

Brisa conducts internal audit and internal control to ensure that its operations and services are executed in an efficient, reliable and uninterrupted manner. The Company's risk management, control system and corporate governance practices are fully implemented, with all efforts made to meet corporate and financial objectives. Information derived from the accounting and financial reporting system is delivered with integrity, consistency and reliability.

The mechanisms of internal audit and internal control are the responsibility of the Audit Committee, formed within the Board of Directors, which ensures the effectiveness of these mechanisms. The Audit Committee submits its findings and recommendations to the Chairman of the Board of Directors.

Additionally, an Internal Audit Department, reporting to the Board of Directors, operates to safeguard the healthy functioning of the internal audit and internal control mechanisms. The Audit Committee holds regular meetings with the Internal Audit Department to appraise the competence of the internal control system and informs the Board of Directors about its findings.

4.5. Strategic Targets of the Company

Brisa's mission, vision, values and strategies are annually reviewed by the Company's senior management and the strategic targets established through these reviews are shared with employees at annual meetings and on the corporate website.

Brisa's Mission: "To provide superior values to society through sustainable growth."

Brisa's Vision: "To create the best journey ahead."

Strategic targets are defined by the Executive Board in light of Brisa's mission and vision, and are subject to approval of the Board of Directors upon discussion.

Executive Board: General Manager, Executive Coordinator, Chief Technical Officer, Assistant General Manager - Finance, Assistant General Manager - Marketing, and the Financial Assistant.

The Executive Board meets at least twice a month to discuss the performance of the Company and related issues.

The Board of Directors reviews, at least four times a year, the extent to which set targets are achieved, as well as ongoing activities and Company performance in the past period.

4.6. Financial Rights

The Board of Directors is responsible for meeting the operational and financial performance targets, set by the Company and disclosed publicly.

Pursuant to CMB obligatory Articles of Association No. 4.6.2., criteria when determining all the rights, benefits and salary of those with administrative responsibilities the scope of Board of Directors and senior executive, has been disclosed to shareholders knowledge on the 2011 Ordinary General Assembly Meeting dated 27.04.2012, and gave the opportunity to the shareholders to make comments on this subject. In addition, this matter is publicly disclosed in Company's website under wage-price policy.

In accordance with the Articles of Association, the payment, benefit and rights of the Board of Directors is decided upon at the General Assembly. Each year at the General Assembly, fees are agreed upon and approved by the shareholders, and thereafter recorded in the meeting notes and publicly disclosed.

At the 2012 Shareholders Ordinary General Assembly meeting held on 25.03.2013, it is decided to pay 3000 TL on monthly basis to the members of the Board of Directors during their tenure.

In accordance with CMB's 4.6.3., imperative Principle of Corporate Management, while setting a wage policy for the members of the Independent Management Board options of stock certificate or company performance based pay plan is not used.

The rights, benefits and wages of senior management are publicly disclosed in the footnotes of the relevant reporting period.

In the year 2013, the Company did not extend loans to any Members of the Board of Directors or senior managers, nor did it make loans available, extend the duration of loans and credits granted, improve the related terms and conditions, give any personal loan credit through a third party, or grant warranties as a personal favor.

PROPOSAL FOR PROFIT DISTRIBUTION

The company made a "Profit Before Tax" in the amount of TL 154.257.222,16 according to the financial statements for the period of 01.01.2013-31.12.2013 which are prepared in compliance with the Turkish Accounting Standards pursuant to "Communiqué About Guidelines For Financial Reporting in Capital Market" Serial No II, Article No 14.1 of Capital Market Board, and are audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member of Deloitte Touche Tohmatsu International).

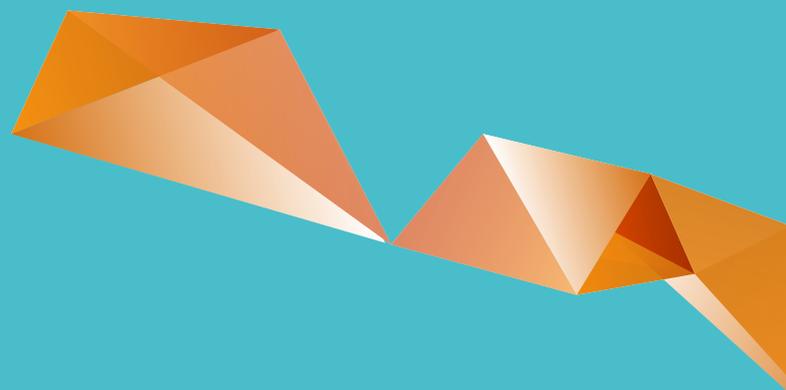
As described in the following Profit Distribution Table, it was unanimously resolved that the Net Distributable Period Profit amounted to TL 138.111.334,63, remained after deduction of Primary Legal Reserves and Tax Provision in compliance with CMB communiqué and as stipulated by the Article 28 of the Articles of Association, out of the Profit Before Tax amounted to TL 154.257.222,16 for the fiscal period 2013 calculated according to the CMB Regulation, is distributed as mentioned below.

First Dividend	TL	27.670.468,13
Second Dividend	TL	91.508.183,25
Usufruct	TL	7.712.861,11
Secondary Legal Reserves	TL	11.163.566,87
Extraordinary Reserves	TL	56.255,27
Total Gross Dividend	TL	119.178.651,38

As a result of profit distribution made according to the above guidelines, and based on our legal records kept in conformity with the provisions of Tax Procedural Law; it was unanimously resolved;

- That the part of TL 101.578.979,49 of the gross dividend amounted to TL 119.178.651,38 to be distributed to the partners is covered from the Net Distributable Period Profit, and the part of TL17.599.671,89 is covered from Extraordinary Reserves,
- That the part of TL 9.208.047,77 of the amount TL 11.163.566,87 to be retained as Secondary Legal Reserves is covered from Net Distributable Period Profit, and the part of TL 1.955.519,10 is covered from Extraordinary Reserves.

So, related for the fiscal year 2013, we propose for your resolution that the gross amount of TL119.178.651,38 shall be paid to the shareholders representing TL 305.116.875,00 capital, in a proportion of 39,06% as cash dividend, the gross amount of TL 7.712.861,11 shall be paid to the privileged shareholders as usufruct in cash, and that depending on legal status of our shareholders, an income tax withholding in the proportion of 15% shall be deducted, and that the distribution of the dividend in cash shall start as of March 24, 2014.



BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS AT 31st DECEMBER 2013 TOGETHER
WITH INDEPENDENT AUDITOR'S REPORT



(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

1. We have audited the accompanying balance sheet of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("the Company") as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the financial statements present fairly, in all material respects, the financial position of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with TAS (refer to Note 2).

Reports on Other Legal and Regulatory Requirements

5. In accordance with Article 402 of Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors provided us all the required information and documentation in terms of audit; and nothing has come to our attention that may cause us to believe that the Company's set of accounts prepared for the period 1 January-31 December 2013 does not comply with the code and the provisions of the Company's articles of association in relation to financial reporting.

6. In accordance with Article 378 of Turkish Commercial Code No. 6102, in publicly traded companies, the board of directors is obliged to establish a committee consisting of specialized experts, to run and to develop the necessary system for the purposes of early identification of any risks that may compromise the existence, development and continuation of the company; applying the necessary measures and remedies in this regard and managing such risks. According to paragraph 4 of Article 398 of the same code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include the evaluation of the operational efficiency and adequacy of the operations carried out by the management of the Company in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report, yet. Therefore, no separate report has been drawn up regarding this matter. On the other hand, the Company established the mentioned committee in 2 August 2013, and the committee is comprised of 3 members. Since the date of its establishment, the committee has held 3 meetings for the purposes of early identification of any risks that may compromise the existence and development of the Company, applying the necessary measures and remedies in this regard and managing such risks, and has submitted the relevant reports to the Board of Directors.

Other Matter

7. The audit of the Company's financial statements for the year ended 31 December 2012 was performed by another independent auditing firm. The predecessor auditing firm expressed an unqualified opinion in the auditor's report dated 1 March 2013.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Ömer Tanrıöver, SMMM
Partner
İstanbul, 26 February 2014

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CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
AUDITED BALANCE SHEET AT 31 DECEMBER 2013

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

	<u>Notes</u>	<u>Current Period 31 December 2013</u>	<u>Restated Prior Period 31 December 2012</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	7.968.100	10.888.411
Trade Receivables	7	454.204.141	429.346.828
Trade Receivables From Related Parties	25	20.367.562	15.707.671
Trade Receivables From Third Parties		433.836.579	413.639.157
Other Receivables	8	8.317.415	6.315.010
Other Receivables From Related Parties	25	2.068.975	2.672.163
Other Receivables From Third Parties		6.248.440	3.642.847
Derivative Financial Instruments	6	40.451.879	15.513
Inventories	9	281.133.660	250.775.471
Prepaid Expenses and Deferred Income	10	25.812.669	21.264.376
Assets Related to Current Tax	23	8.501.520	-
Other Current Assets	16	17.856.488	8.568.280
Total Current Assets		844.245.872	727.173.889
Non-Current Assets			
Trade Receivables	7	5.847.250	2.714.118
Other Receivables	8	98.415	93.090
Property, Plant and Equipment	11	502.422.151	482.888.598
Intangible Assets	12	34.194.851	27.492.274
Prepaid Expenses	10	6.504.391	790.897
Deferred Tax Assets	23	12.112.041	2.979.027
Total Non-Current Assets		561.179.099	516.958.004
TOTAL ASSETS		1.405.424.971	1.244.131.893

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH (NOTE 2.7)

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
AUDITED BALANCE SHEET AT 31 DECEMBER 2013

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

	Notes	Current Period 31 December 2013	Restated Prior Period 31 December 2012
LIABILITIES			
Current Liabilities			
Short-term Borrowings	5	241.519.501	553.667.560
Short-term Portion of Long Term Borrowings	5	7.168.174	184.617
Trade Payables	7	190.324.013	142.302.276
Trade Payables To Related Parties	25	58.731.786	50.918.979
Trade Payables To Third Parties		131.592.227	91.383.297
Payables to Related to Employee Benefits	15	10.500.074	9.564.051
Other Payables	8	1.937.356	1.966.812
Other Payables To Related Parties	25	260.151	386.380
Other Payables To Third Parties		1.677.205	1.580.432
Derivative Financial Instruments	6	85.475	817.029
Deferred Income	10	5.598.618	668.650
Taxes on Income	23	-	2.063.040
Short-term Provisions		11.351.994	8.431.396
Short-term Provisions For Employee Benefits	15	8.246.313	5.534.731
Other Short-term Provisions	13	3.105.681	2.896.665
Total Current Liabilities		468.485.205	719.665.431
Non-Current Liabilities			
Long-term Borrowings	5	333.061.902	3.783.766
Deferred Income	10	1.130.662	-
Long-term Provisions	15	34.280.701	30.361.966
Long-term Provisions For Employee Benefits		34.280.701	30.361.966
Total Non-Current Liabilities		368.473.265	34.145.732
Total Liabilities		836.958.470	753.811.163
EQUITY			
Share Capital	17	305.116.875	305.116.875
Adjustment To Share Capital		54.985.701	54.985.701
Share Premium		4.903	4.903
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss			
Hedging Reserve Gains/ (Losses)		10.897.923	(641.213)
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss			
Actuarial Gains / (Losses)		(2.434.992)	(2.434.992)
Restricted Reserves		48.631.690	37.950.734
Retained Earnings		6.916.230	18.540
Net Income For The Period		144.348.171	95.320.182
Total Equity		568.466.501	490.320.730
TOTAL LIABILITIES AND EQUITY		1.405.424.971	1.244.131.893

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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BRISA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
AUDITED BALANCE SHEET AT 31 DECEMBER 2013

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

	Notes	Current Period 1 January- 31 December 2013	Restated Prior Period 1 January- 31 December 2012
Sales	18	1.489.491.658	1.424.003.474
Cost of Sales (-)	19	(1.098.300.837)	(1.099.053.958)
Gross Profit from Trading Activities		391.190.821	324.949.516
GROSS PROFIT		391.190.821	324.949.516
General Administrative Expenses (-)	19	(55.997.751)	(55.487.362)
Marketing Expenses (-)	19	(148.143.701)	(115.618.890)
Research and Development Expenses (-)	19	(13.917.700)	(12.204.293)
Other Operating Income	20	41.470.649	28.363.296
Other Operating Expenses (-)	20	(9.485.454)	(6.369.307)
OPERATING PROFIT		205.116.864	163.632.960
Income From Investing Activities	21	947.914	255.361
Expenses From Investing Activities (-)	21	(392.222)	(73.751)
PROFIT BEFORE FINANCIAL EXPENSES		205.672.556	163.814.570
Financial Expenses (-)	22	(51.415.334)	(46.091.755)
PROFIT BEFORE TAX		154.257.222	117.722.815
Taxation on Income		(9.909.051)	(22.402.633)
Current Tax Expense / Income For The Period	23	(21.926.849)	(21.301.987)
Deferred Tax Expense / Income For The Period	23	12.017.798	(1.100.646)
PROFIT FROM CONTINUING OPERATIONS		144.348.171	95.320.182
PROFIT FOR THE PERIOD		144.348.171	95.320.182
Earnings pershare	24	0,427	0,278

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

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	Current Period 1 January- 31 December 2013	Restated Prior Period 1 January- 31 December 2012
PROFIT FOR THE PERIOD	144.348.171	95.320.182
<i>OTHER COMPREHENSIVE INCOME:</i>		
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss	11.539.136	(3.104.815)
Hedging Reserve Gains / (Losses)	14.423.920	(3.881.019)
Deferred Tax (Expense)/ Income	(2.884.784)	776.204
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss	-	(2.434.992)
Actuarial Gains/ (Losses)	-	(3.043.740)
Deferred Tax (Expense)/ Income	-	608.748
OTHER COMPREHENSIVE INCOME	11.539.136	(5.539.807)
TOTAL COMPREHENSIVE INCOME	155.887.307	89.780.375

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Share Capital	Adjustment To Share Capital	Share Premium	Hedging Reserve Gains/ (Losses)	Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss	Actuarial Gains/ (Losses)	Retained Earnings		Equity Attributable to Owners of the Company	Non-controlling Interest	Shareholders' Equity
							Restricted Reserves	Retained Earnings			
							Net Income For The Period				
Balances at											
1 January 2012	7.441.875	352.660.701	4.903	2.463.602	-	-	71.871.945	6.448.617	471.757.734	1.140	471.758.874
Transfers	-	-	-	-	-	7.084.643	(71.871.945)	64.788.442	1.140	(1.140)	-
Total Comprehensive Income	-	-	-	(3.104.815)	(2.434.992)	-	95.320.182	-	89.780.375	-	89.780.375
Capital Increase	297.675.000	(297.675.000)	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(71.218.519)	(71.218.519)	(71.218.519)	-	(71.218.519)
Balances at											
31 December 2012	305.116.875	54.985.701	4.903	(641.213)	(2.434.992)	37.950.734	18.540	95.320.182	490.320.730	-	490.320.730
Balances at											
1 January 2013	305.116.875	54.985.701	4.903	(641.213)	-	-	92.885.190	18.540	490.320.730	-	490.320.730
(Beginning of the Period)	-	-	-	-	(2.434.992)	-	2.434.992	-	-	-	-
Actuarial Losses (Note 2)	-	-	-	-	-	-	-	-	-	-	-
Restated Balances at											
1 January 2013 (Note 2)	305.116.875	54.985.701	4.903	(641.213)	(2.434.992)	37.950.734	95.320.182	18.540	490.320.730	-	490.320.730
Transfers	-	-	-	-	-	10.680.956	(95.320.182)	84.639.226	-	-	-
Total Comprehensive Income	-	-	-	11.539.136	-	-	144.348.171	-	155.887.307	-	155.887.307
Dividends Paid	-	-	-	-	-	-	(77.741.536)	(77.741.536)	(77.741.536)	-	(77.741.536)
Balances at											
31 December 2013	305.116.875	54.985.701	4.903	10.897.923	(2.434.992)	48.631.690	144.348.171	6.916.230	568.466.501	-	568.466.501

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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BRISA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current Period 1 January- 31 December 2013	Restated Prior Period 1 January- 31 December 2012
Net Profit For The Period		144.348.171	95.320.182
Adjustments to Reconcile Profit For The Period		139.120.728	150.690.711
Adjustments Related to Depreciation and Amortization Expenses	11,12	78.506.615	66.697.643
Adjustment Related to Provisions		18.609.841	12.466.256
Interest Income	20	(34.656)	(66.885)
Interest Expense	22	41.005.134	48.736.055
Foreign Exchange Losses / (Gains)		5.612.368	(2.399.341)
(Gains) / Losses From Derivative Financial Instruments	6	(10.277.936)	5.859.367
Adjustments Related to Tax Expense / Income	23	9.909.051	22.402.633
Adjustments Related to Gain / Loss On Sale of Properties	21	(555.692)	(181.610)
Adjustments Related to Other Items That Result In Cash Flows From Investing or Financing Activities		(3.653.997)	(2.823.407)
Changes In Working Capital		(25.106.213)	(78.795.277)
Adjustments Related to Increase / Decreases in Inventory		(29.658.158)	53.145.962
Adjustments Related to Increase / Decreases in Trade Receivables		(21.017.248)	(103.846.001)
Adjustments Related to Increase / Decreases in Other Receivables Related to Operations		(29.939.459)	(2.181.322)
Adjustments Related to Increase / Decreases in Trade Payables		47.482.315	(24.013.794)
Adjustments Related to Increase / Decreases in Other Payables Related to Operations		8.026.337	(1.900.122)
Cash Flows From Operating Activities		(37.257.316)	(27.038.377)
Taxes Paid / Reimbursed		(32.491.409)	(21.683.709)
Other Cash Inflows / Outflows		(4.765.907)	(5.354.668)
A. NET CASH GENERATED FROM OPERATING ACTIVITIES		221.105.370	140.177.239
Proceeds From Sale of Property, Plant and Equipment and Intangible Assets		1.097.821	482.045
Payments For Property, Plant and Equipment and Intangible Assets	11,12	(110.564.852)	(187.349.727)
Cash Outflows from Derivative Instruments		(42.871)	(7.654.530)
Cash Inflows from Derivative Instruments		14.900.754	975.194
Interest Received		34.656	66.885
B. CASH FLOWS FROM INVESTING ACTIVITIES		(94.574.492)	(193.480.133)
Proceeds From Borrowings		2.113.767	165.690.832
Cash Used for Repayment of Obligations Under Finance Leases		(1.022.982)	-
Dividends Paid		(77.741.536)	(71.218.519)
Interest Paid		(52.800.438)	(34.029.701)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(129.451.189)	60.442.612
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)		(2.920.311)	7.139.718
Cash and Cash Equivalents at the Beginning of the Period		10.888.411	3.748.693
Cash and Cash Equivalents at the End of the Period		7.968.100	10.888.411

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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BRISA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

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

1. ORGANISATION AND NATURE OF OPERATIONS OF THE COMPANY

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (“Brisa” or “Company”) was established in 1974 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş..

Brisa is primarily engaged in manufacturing, marketing and selling vehicle tires in Turkey. In 1988, the Company entered into a license agreement with Bridgestone Corporation for the purpose of manufacturing and selling Bridgestone tires.

The control of the Company is jointly held by H.Ö. Sabancı Holding A.Ş. and Bridgestone Corporation.

The Company’s employee headcount with indefinite-term employment contract is 1.818 (2012: 1.745). This total includes 1.361 employees who are subject to Collective Bargaining Agreement terms and (2012: 1.305), 450 employees who are not (2012: 433). Also, there are 7 foreign employees (2012: 7). In addition, 2 employees are subject to definite-term employment contracts (2012:1).

Brisa is registered with the Capital Markets Board (“CMB”) and its shares have been quoted in Borsa İstanbul A.Ş. since 1986. As of the same date, the main shareholders and their respective shareholding in the Company are as follows:

	%
Hacı Ömer Sabancı Holding A.Ş.	43,63
Bridgestone Corporation	43,63
Other	12,74
	100,00

The address of the registered office of the Company is as follows:

Sabancı Center Kule 2 Kat: 3
4. Levent 34330 Beşiktaş / İstanbul

The financial statements for the period 1 January - 31 December 2013 have been approved for issue by the Board of Directors on 26 February 2014 and signed on behalf of the Board of Directors by Mübin Hakan Bayman, General Manager, and by Bora Çermikli, Chief Financial Officer.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of compliance with TAS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards / Turkish Financial Reporting Standards and interpretations (“TAS/IFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.1 Basis of Presentation (Cont'd)

Statement of compliance with TAS (cont'd)

Also, the financial statements and its notes are presented in accordance with the format requirements as declared on 7 June 2013.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company, and the reporting currency for the financial statements.

Preparation of financial statements in hyperinflationary periods

Based on CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the POA Accounting Standards are not subject to inflation accounting effective from 1 January 2005. Therefore, starting from January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying financial statements.

2.2 Changes in Accounting Policies

Significant changes in the accounting policies are applied retrospectively and prior period financial statements are restated. There are no changes in the accounting estimates for the period 1 January - 31 December 2013.

2.3 Changes in the Accounting Estimates and Errors

Changes in accounting estimates should be applied prospectively, if only for a period in which the change in the current period. If it relates to future periods they are recognized to prospectively both in the current period and in the future period considering the impact on the profit of loss. There are no changes in the accounting estimates for the period 1 January - 31 December 2013. Identified accounting errors are corrected in financial statements retrospectively. There are no errors identified in the financial statements for the period 1 January - 31 December 2013.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Application of New and Revised Turkish Accounting Standards (TAS)

(a) Amendments to TAS affecting amounts reported and/or disclosures in the financial statements

Amendments to TAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to TAS 1, the ‘statement of comprehensive income’ is renamed the ‘statement of profit or loss and other comprehensive income’ and the ‘income statement’ is renamed the ‘statement of profit or loss’. The amendments to TAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to TAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to TAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

TAS 19 *Employee Benefits*

The amendments to TAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of TAS 19 and accelerate the recognition of past service costs.

The amendments require all actuarial gains and losses to be recognized immediately in other comprehensive income to reflect the full value of the plan deficit or surplus relating to the net pension asset or liability recognized in the balance sheet. Furthermore, the interest cost and expected return on plan assets used in the previous version of TAS 19 are replaced with a “net-interest amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to TAS 19 require retrospective application.

The Company calculated the net effect of this amendment related to TAS 19 and actuarial loss after tax amounting to TL 2.434.992 as of 1 January 2013 has been reclassified from net income for the period to the actuarial gain/ loss funds in equity. This amendment has had no impact on the total equity of the Company.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.4 Application of New and Revised Turkish Accounting Standards (TAS) (Cont'd)

(b) New and revised standards applied with no material effect on the financial statements

Amendments to TAS 1 *Presentation of Items of Other Comprehensive Income*

Amendments to TAS 1 Presentation of Financial Statements (*As part of the Annual Improvements to TFRSs 2009-2011 Cycle issued in May 2012*)

The amendments to TAS 1 issued in May 2012 as part of the Annual Improvements to TFRSs 2009-2011 Cycle are effective for the annual periods beginning on or after 1 January 2013.

TAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to TAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including TFRS 10, TFRS 11, TFRS 12, TAS 27 (2012) and TAS 28 (2012).

Key requirements of these five Standards are described below:

TFRS 10 replaces the parts of TAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation - Special Purpose Entities will be withdrawn upon the effective date of TFRS 10. Under TFRS 10, there is only one basis for consolidation that is control. In addition, TFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in TFRS 10 to deal with complex scenarios.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.4 Application of New and Revised Turkish Accounting Standards (TAS) (Cont’d)

(b) New and revised standards applied with no material effect on the financial statements (cont’d)

TFRS 11 replaces TAS 31 Interests in Joint Ventures. TFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers will be withdrawn upon the effective date of TFRS 11. Under TFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under TAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under TFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under TAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

TFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in TFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to TFRS 10, TFRS 11 and TFRS 12 were issued to clarify certain transitional guidance on the application of these TFRSs for the first time.

Since the company does not have any subsidiaries or joint ventures, the application of these five standards have no significant impact on amounts reported in the financial statements.

TFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of TFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in TFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under TFRS 7 Financial Instruments: Disclosures will be extended by TFRS 13 to cover all assets and liabilities within its scope. Application of this new standard has no significant impact on amounts reported in the financial statements.

Amendments to TFRS 7 *Offsetting Financial Assets and Financial Liabilities and Related Disclosures*

The amendments to TFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. Amendments to TFRS 7 has no significant impact on amounts reported in the financial statements.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.4 Application of New and Revised Turkish Accounting Standards (TAS) (Cont’d)

(b) New and revised standards applied with no material effect on the financial statements (cont’d)

Annual Improvements to TFRSs 2009-2011 Cycle issued in May 2012

- Amendments to TAS 16 Property, Plant and Equipment;
- Amendments to TAS 32 Financial Instruments: Presentation
- Amendments to TAS 34 Interim Financial Reporting

Amendments to TAS 16

The amendments to TAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in TAS 16 and as inventory otherwise. The Company management does not anticipate that the amendments to TAS 16 will have a significant effect on the Company’s financial statements.

Amendments to TAS 32

The amendments to TAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with TAS 12 Income Taxes. The Company management does not anticipate that the amendments to TAS 32 will have a significant effect on the Company’s financial statements.

Amendments to TAS 34

The amendments to TAS 34 clarify that disclosure of the total assets and total liabilities for a particular reportable segment is only required if a measure of total assets or total liabilities (or both) is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The amendments to TAS 34 did not have an effect on the Company’s financial statements.

TFRS Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

TFRS Interpretation Stripping Costs in the Production Phase of a Surface Mine applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognized as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with TAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.4 Application of New and Revised Turkish Accounting Standards (TAS) (Cont’d)

(b) New and revised standards applied with no material effect on the financial statements (cont’d)

IFRS Interpretation 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply IFRS Interpretation 20 for the first time. However, IFRIC 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The Company management anticipates that IFRS Interpretation 20 will have no effect to the Company’s financial statements as the Company does not engage in such activities.

(c) New and revised standards in issue but not yet effective

The Company has not applied the following new and revised standards that have been issued but are not yet effective:

IFRS 9	<i>Financial Instruments</i>
Amendments to IFRS 9 and IFRS 7	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures¹</i>
Amendments to TAS 32	<i>Offsetting Financial Assets and Financial Liabilities¹</i>
Amendments to IFRS 10, 11, TAS 27	<i>Investment Entities¹</i>
Amendments to TAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets¹</i>
Amendments to TAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting¹</i>
IFRS Interpretation 21	<i>Levies¹</i>

¹ Effective for annual periods beginning on or after 1 January 2014.

2.5 Significant Accounting Policies

2.5.1 Revenue

Revenues are recognised on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods sold less sales returns and commissions, and exclude sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

Other revenues earned by the Company are recognised on the following bases:

Interest income - on an effective yield basis.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5 Significant Accounting Policies (Cont'd)

2.5.2 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventories are materials, labour, translation difference from financial and an appropriate amount of factory overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 9). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.5.3 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment, if any (Note 11). Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Years
Land improvements	10
Buildings	25
Machinery and equipment	8
Motor vehicles	5
Furniture and fixtures	10

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the related income and expense accounts, as appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.

Estimated useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

Expenses for the repair and maintenance of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and depreciated over the average expected life between major overhauls.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.5 Significant Accounting Policies (Cont’d)

2.5.4 Intangible assets

Intangible assets include acquired rights, software, special selling rights, licences and other identifiable rights. Intangible assets are carried at cost less accumulated amortization. Amortisation is calculated using the straight-line method over a period not exceeding 10 years (Note 12).

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.5.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months (Note 4).

2.5.6 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. Principal payments are disclosed as liabilities and decreased according to payments made (Note 5). The interest element of the finance cost is charged to the income statement over the lease period. Obligations under finance leases are stated in the financial statements at the acquisition values of the related property, plant and equipment and depreciated over the useful life.

2.5.7 Trade receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are carried at amortised cost. Short-term receivables with no stated interest rate are measured at 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 Company will not be able to collect all amounts due.

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. Those with maturities greater than 12 months are classified as non-current assets. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 7).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5 Significant Accounting Policies (Cont'd)

2.5.8 Due date income/ (charges)

Due date income/(charges) represents the income/(charges) that are resulting from credit purchase or sales. These kind of income/(charges) are accepted as financial income and expenses which result from credit purchase or sales come true during the accounting period and included in other operating income / (expense) within the maturity period.

2.5.9 Taxes on income

Taxes on income for the period comprise of current tax and the change in deferred taxes.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5 Significant Accounting Policies (Cont'd)

2.5.9 Taxes on income (Cont'd)

Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.5.10 Borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings.

Borrowing 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. All other borrowing costs are charged to the income statement when they are incurred (Note 5).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.5 Significant Accounting Policies (Cont’d)

2.5.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method (Note 7).

Those with maturities greater than 12 months are classified as non-current liabilities.

2.5.12 Foreign currency transactions

The financial statements are presented in Turkish Lira (“TL”), which is the functional currency and the presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign currency differences related with borrowings are recognized in the “financial income / (expense)”, whereas foreign currency differences related with cash and cash equivalents and other monetary assets and liabilities are recognised in the “other operating income/(expense)” in the statement of profit or loss.

Foreign currency differences related with non-monetary assets and liabilities are recognised as fair value gains and losses.

2.5.13 Provisions, contingent assets and liabilities

Provisions are recognised when the Company has a present legal 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.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate, used to calculate the present value of the provision should be pre-tax rate reflecting the current market assessments of the time value of money and the risks specific to the liability. The discount rate shall not reflect risks for which future cash flow estimates have been adjusted.

2.5.14 Provision for employment termination benefits

Provision for employment termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. All calculated actuarial gains and losses are accounted for under other comprehensive income (Note 15).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.5 Significant Accounting Policies (Cont’d)

2.5.15 Share capital

Ordinary shares are classified as equity. Dividends payable are recognised in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.5.16 Derivative financial instruments

The derivative financial instruments of the Company consist of foreign exchange forward transactions. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at their respective fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company has designated their derivatives (“hedging instrument”) to hedge its cash flows on foreign purchases (“hedged item”).

The Company documents, at the inception of the transaction the relationship between hedging instrument and hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statements of income.

The gain or loss relating to the ineffective portions of foreign exchange forward is recognised in the statements of income. Amounts previously recognised in other comprehensive income are transferred to the income statement in the periods when the hedged item affects profit or loss (when the forecast transaction that is hedged takes place). The gain or loss relating to the effective portions of foreign exchange forward is then recognised in the statements of income (Note 6).

2.5.17 Earnings per share

Earnings per share disclosed in the income statement are determined by dividing net income by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported (Note 24).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5 Significant Accounting Policies (Cont'd)

2.5.18 Related parties

For the purpose of these financial statements, shareholders, the Group companies of Hacı Ömer Sabancı Holding A.Ş. and Bridgestone Corporation Group companies, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties. The Company assigned its key management as board of directors and the members of the executive board (Note 25).

2.5.19 Reporting of cash flows

Statements of cash flows are reported by presenting cash flows from operating, investing and financing activities separately.

Cash flows from operating activities are the cash flows from Company's principal revenue-producing activities.

Cash flows from investing activities are the cash flows from Company's acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Cash flows from financing activities are the cash flows from Company's changes in the size and composition of the contributed equity and borrowings.

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within 3 months (Note 4).

2.5.20 Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.5.21 Provision for warranty expenses

Warranty expenses are recorded as a result of repair and maintenance expenses for products sold under the scope of the warranty terms.

2.5.22 Financial assets

Financial assets within the scope of TAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.5 Significant Accounting Policies (Cont’d)

2.5.23 Events after reporting period

Events after the reporting period comprise any event between the balance sheet date and the date of authorization of the financial statements, even if the event after balance sheet date occurred subsequent to an announcement on the Company’s profit or following any financial information that are released.

2.5.24 Comparatives and restatement of prior period financial statements

In order to allow for the determination of the financial situation and performance trends, the Company’s financial statements have been presented comparatively with the prior year. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

In order to adapt the new format declared by the CMB on 7 June 2013, the Company restated prior period financial statements. Nature and cause of these restatements are explained below:

Company’s restatements on the balance sheet as of 31 December 2012 are as follows:

- Advances given to suppliers balance included in trade receivables amounting TL 17.579.703 has been reclassified and presented as prepaid expense,
- Due from personnel balance amounting TL 1.732.280, receivables from tax office amounting TL 761.276 and other receivables amounting TL 106.553, that had been included in other current assets, have been reclassified and presented as other short-term receivables,
- Prepaid expenses balance included in other current assets amounting TL 3.103.763, advances given to suppliers amounting TL 547.250 and advances given to personnel amounting TL 15.660 has been reclassified and presented as short-term prepaid expense,
- Advances given for fixed assets balance included in other non-current assets amounting TL 790.897 has been reclassified and presented as long-term prepaid expense,
- Royalty (Related Party) balance included in other payables amounting TL 564.888 has been reclassified and presented as trade payable,
- Withholding personnel income tax and social security premium balances included in other payables amounting TL 3.976.453 and TL 3.690.603 respectively have been reclassified and presented as short-term provisions for employee benefits,
- Personnel salaries balance included in short-term provisions for employee benefits amounting TL 1.883.699 and TL 13.296 has been reclassified and presented as employee benefit obligations,
- Interest accruals balance included in short-term financial liabilities amounting TL 184.617 has been reclassified and presented as short-term portion of long-term bank borrowings,

Company’s restatements on the profit or loss statement for the year ended 31 December 2012 are as follows:

- Finance income on credit sales included in financial income amounting TL 27.225.144 has been reclassified and presented as other operating income,
- Interest income on less than 3 month time deposits in financial income amounting TL 66.885 has been reclassified and presented as other operating income,
- Net foreign currency exchange gains in financial income amounting TL 2.644.300 has been reclassified and presented as finance expenses,

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.5 Significant Accounting Policies (Cont’d)

2.5.24 Comparatives and restatement of prior period financial statements (Cont’d)

- Foreign currency exchange loss from operations in financial expenses amounting TL 244.959 has been reclassified and presented as other operating expense,
- Valuation differences of derivative financial instruments in financial expenses amounting to TL 2.094.606 has been reclassified and presented as other operating expense,
- Unrealised credit finance expense in financial expenses amounting TL 2.749.141 has been reclassified and presented as other operating expense,
- Gains on sale of fixed assets in other operating income amounting TL 255.361 has been reclassified and presented as income from investing activities,
- Losses on sale of fixed assets in other operating expenses amounting TL 73.751 has been reclassified and presented as expenses from investing activities,

2.6 Critical Accounting Judgments, Estimates and Assumptions

Preparation of the financial statements in accordance with CMB Financial Reporting Standards necessitates the usage of estimations and assumptions that can affect amounts of reported assets and liabilities as of balance sheet date, the explanation for the contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimations and assumptions are based on the best judgement of the Company management related with the current conditions and transactions, actual results may differ from these estimations. Estimations are revised on a regular basis; necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Estimations and assumptions subject to the risk of leading to corrections in the registered value of the assets and liabilities in the next financial period are given below:

Useful lives of tangible and intangible assets

Tangible and intangible assets are stated at historical cost less depreciation and net of any impairment, if any. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Useful lives depend on best estimates of management, are reviewed in each financial period and necessary corrections are made (Note 11 - 12).

Provision for doubtful receivables

The Company calculates the provision for impairment of trade receivables to cover the estimated losses resulting from the inability of its customers to make required payments. The estimates used in evaluating the adequacy of the provision for impairment of trade receivables are based on the aging of the trade receivable balances and the trend of collection performance. The provision for doubtful trade receivables is a critical accounting estimate that is formed by past payment performance and financial position of customers (Note 7).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

2.6 Critical Accounting Judgments, Estimates and Assumptions

Investment incentive

The recognition of deferred income tax assets is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. Deferred income tax assets are recognised to the extent that it is probable that investment incentive will be utilised. As discussed in Note 23, the Company has obtained a foreign investment incentive right amounting to TL 481 million for 5 years period with a certificate taken from Republic of Turkey Prime Ministry Undersecretariat of Treasury dated 1 June 2010 based on the 4875 Act of Direct Foreign Investment Law. Based on the related incentive right the Company utilised reduced corporate tax amounting to TL 1.264.971 for the years ended 31 December 2010, 2011, 2012 and TL 2.330.484 for the year ended 31 December 2013. The Company estimates to utilise TL 73.032.102 reduced corporate tax in the future. In addition to this, as the Company estimates to utilise the related benefit within 20 years, for the foreseeable 3 years a deferred income tax asset of TL 13.377.449 has been accounted for in the context of prudence.

The Company utilized a reduced corporate tax of TL 5.156.089 for the secondary manufacturing plant investment to be located in the Aksaray Organized Industrial Zone (Note 23).

Other Provisions

Provisions are recognised when the Company 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 (Note 13).

Fair value of derivatives and other financial instruments

The fair value of derivative financial instruments which are not traded in an active market is determined using valuation techniques based on market rates and expected yields. Fair value of non-derivative financial instruments is determined based on the present value of future principal and interest cash flows. These cash flows are calculated based on the discount rate prevailing at the reporting date (Note 6).

2.7 Convenience translation into English of financial statements originally issued in Turkish

The accounting principles described in Note 2.4 to the financial statements (defined as “Turkish Accounting Standards (“TAS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”)) differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January and 31 December 2005. Accordingly, the financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

3. BUSINESS COMBINATIONS

The Company acquired 99,99% shares of Bandag on 30 December 2010 in consideration of TL5.604.120. On 19 October 2011, Bandag went through a conversion and transformed from a limited liability company to a joint stock company. At the extraordinary general assembly meeting of the Company on 27 April 2012, the decision was made to include Bandag in the scope of a merger by means of a takeover of Bandag by the Company. Legal procedures regarding the merger were registered by the Istanbul Trade Registry Office on 30 April 2012 and the merger was announced in the Turkish Trade Registry Gazette on 4 May 2012.

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4. CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Cash	-	1.153
Banks	7.968.100	10.887.258
Demand deposits	7.968.100	10.885.020
Time deposits	-	2.238
	7.968.100	10.888.411

Nature and extent of the risks on cash and cash equivalents are described below the note 26. Demand deposits comprise collections from direct debiting system (DDS) and cheques kept for 1 day under current accounts based on agreements made with banks.

Cash and cash equivalents amounting to TL 1.350.000 (2012: TL 680.427) has ben reclassified under "Other Receivables" since the Company's utilization of this amount has been restricted. However, this balance has been reclaimed as of 21 February 2014.

5. FINANCIAL LIABILITIES

	31 December 2013	31 December 2012
Short-term bank borrowings	240.312.683	552.760.338
Short-term financial lease obligations	1.206.818	907.222
Total short-term financial liabilities	241.519.501	553.667.560
Short-term portion of long term bank borrowings	7.168.174	184.617
Long-term bank borrowings	332.979.900	2.750.000
Long-term financial lease obligations	82.002	1.033.766
Total long-term financial liabilities	333.061.902	3.783.766
Total financial liabilities	581.749.577	557.635.943

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5. FINANCIAL LIABILITIES (Cont'd)

Bank borrowings

	31 December 2013		31 December 2012	
	Weighted effective interest rate %	TL	Weighted effective interest rate %	TL
Short-term bank borrowings				
TL denominated borrowings	7,37	240.312.683	9,28	509.151.554
Euro denominated borrowings	-	-	1,58	23.731.684
USD denominated borrowings	-	-	2,81	19.877.100
		240.312.683		552.760.338
Short-term portion of long-term borrowings				
TL denominated borrowings	9,54	2.934.045	10,6	184.617
Euro denominated borrowings	-	20.066	-	-
USD denominated borrowings	-	4.214.063	-	-
		7.168.174		184.617
Total short-term borrowings		247.480.857		552.944.955
Long-term bank borrowings				
TL denominated borrowings	9,54	20.010.600	10,6	2.750.000
Euro denominated borrowings	2,05	44.047.500	-	-
USD denominated borrowings (*)	0,87	268.921.800	-	-
		332.979.900		2.750.000
Total borrowings		580.460.757		555.694.955

(*) Foreign currency denominated borrowings are hedged by cross currency swap transactions (Note 6).

Redemption schedules of borrowings are summarised below:	31 December 2013	31 December 2012
2013	-	552.944.955
2014	247.480.857	2.750.000
2015	20.010.600	-
2016	56.853.300	-
2017	256.116.000	-
	580.460.757	555.694.955

Fair value of the Company's borrowings approximates their carrying value.

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5. FINANCIAL LIABILITIES (Cont'd)

Bank borrowings (cont'd)

Company's significant bank borrowings are summarized as follows:

- a) USD 60 million borrowing has been used on 26 March 2013. Interest payments has started on 26 September 2013 and will continue until the due date which is 26 March 2017. In order to mitigate the floating interest rate and foreign currency risk of the 4 year-term USD 60 million borrowing which has an interest installment in every 6 months period and has a USLibor+0,625 interest rate, the Company entered into cross currency and interest swap contracts. In accordance with the swap contract, the Company fixed the total borrowing to TL 109.032.000 and the interest rate to 7,29% while the USD foreign exchange rate is fixed to TL 1,8172.
- b) TL 85 million borrowing spot borrowing has been used on 30 April 2013 with a maturity of 30 April 2014. Effective interest rate of the borrowing is 5,70%.
- c) USD 20 million borrowing has been used on 26 September 2013, with a maturity of 4 years and a once in a six month interest installment of USLibor+0,325 rate. In order to mitigate the floating interest rate and foreign currency risk, the Company entered into cross currency and interest swap contracts. In accordance with the swap contract, the Company fixed the borrowing to TL 40 million, once in a six month interest installment over 8,87% rate and the USD exchange rate to TL 2,0000.
- d) USD 20 million borrowing has been used on 24 October 2013, with a maturity of 4 years and a once in a six month interest installment of USLibor+0,325 rate. In order to mitigate the floating interest rate and foreign currency risk, the Company entered into cross currency and interest swap contracts. In accordance with the swap contract, the Company fixed the borrowing to TL 40.170.000, once in a three month interest installment over TRLibor+0,40 rate and the USD exchange rate to TL 2,0085.
- e) USD 20 million borrowing has been used on 8 November 2013, with a maturity of 4 years and a once in a six month interest installment of USLibor+0,325 rate. In order to mitigate the floating interest rate and foreign currency risk, the Company entered into cross currency and interest swap contracts. In accordance with the swap contract, the Company fixed the borrowing to TL 40.170.000, once in a three month interest installment over TRLibor+0,40 rate and the USD exchange rate to TL 2,0085.
- f) TL 40 million amounting spot borrowing has been used on 13 November 2013 and has a due date of 13 November 2014. Annual effective interest rate of the borrowing is 8,75%.
- g) TL 40 million amounting spot borrowing has been used on 25 November 2013 and has a due date of 25 November 2014. Annual effective interest rate of the borrowing is 9,02%.
- h) TL 40 million amounting spot borrowing has been used on 26 November 2013 and has a due date of 26 November 2014. Annual effective interest rate of the borrowing is 8,79%.

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5. FINANCIAL LIABILITIES (Cont'd)

Financial lease obligations

Repayment schedule of financial lease obligations are as follows:

	31 December 2013	31 December 2012
Less than 3 months	291.938	222.677
Between 3 - 12 months	914.880	684.545
Between 1 - 5 years	82.002	1.033.766
	1.288.820	1.940.988

6. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2013		31 December 2012	
	Assets	Yükümlülükler	Assets	Liabilities
Foreign exchange forward contracts	8.323.104	85.475	15.513	817.029
Cross currency and interest swaps	32.128.775	-	-	-
	40.451.879	85.475	15.513	817.029

In order to mitigate the foreign currency risks arising from the Euro exports and US Dollar raw material purchases, the Company enters into Euro Buying/ US Dollar selling and TL selling/ US Dollar buying forward contracts. These transactions are accounted for within the scope of hedge accounting. Unrealized valuation differences are accounted for under equity.

As of 31 December 2013, the Company's various forward contracts' maturities extend to 30 December 2014 with a total of Euro 40.200.000 selling and US Dollar 55.356.230 buying (31 December 2012: Euro 6.750.000 selling/ US Dollar 8.770.275 buying) purposes and has an average Euro/USD parity of 1,3770 (31 December 2012: 1,2993), causing an asset of TL 93.724 (31 December 2012: TL 11.402 asset, TL 256.087 liability).

As of 31 December 2013, the Company's various forward contracts' maturities extend to 30 December 2014 with a total of TL 168.985.840 selling and US Dollar 80.100.000 buying (31 December 2012: TL 52.995.570 selling/ US Dollar 29.200.000 buying) purposes and has an average USD foreign exchange rate of 2,1097 (31 December 2012: 1,8149), causing an asset of TL 8.229.380 and TL 85.475 liability (31 December 2012: TL 4.111 asset, TL 560.942 liability).

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6. DERIVATIVE FINANCIAL INSTRUMENTS (Cont’d)

In order to mitigate the floating interest rate and foreign currency risk of the 4 year-term USD 60 million amounting borrowing which has an interest instalment in every 6 months period and has a USLibor+0,625 interest rate, the Company entered into cross currency and interest swap contracts. In accordance with the swap contract, the Company fixed the total borrowing to TL 109.032.000 and the interest rate to 7,29% while the USD foreign exchange rate is fixed to TL 1,8172. As of 31 December 2013, Company has a total asset of TL 26.278.266 arising from this swap transaction.

In order to mitigate the floating Libor+0,325 interest rate and foreign currency risk of the 4 year-term USD 20 million amounting borrowing used on 26 September 2013 which has an interest instalment in every 6 months, the Company entered into cross currency and interest swap contracts. In accordance with the swap contract, the Company fixed the total borrowing to TL 40.000.000 and the interest rate to 8,87%. Company has a total asset of TL 1.381.242 arising from this swap transaction.

In order to mitigate the floating interest rate and foreign currency risk of the 4 year-term USD 20 million amounting borrowing used on 24 October 2013 which has an interest instalment in every 6 months period and has a USLibor+0,325 interest rate, the Company entered into cross currency and interest swap contracts. In accordance with the swap contract, the Company fixed the total borrowing to TL 40.170.000 and the interest rate to TRLibor+0,40 with a once in a 3 month interest installment while the USD foreign exchange rate is fixed to TL 2,0085. As of 31 December 2013, Company has a total asset of TL 1.501.689 arising from this swap transaction.

In order to mitigate the floating interest rate and foreign currency risk of the 4 year-term USD 20 million amounting borrowing used on 8 November 2013 which has an interest instalment in every 6 months period and has a USLibor+0,325 interest rate, the Company entered into cross currency and interest swap contracts. In accordance with the swap contract, the Company fixed the total borrowing to TL 40.170.000 and the interest rate to TRLibor+0,40 with a once in a 3 month interest installment while the USD foreign exchange rate is fixed to TL 2,0085. As of 31 December 2013, Company has a total asset of TL 2.967.578 arising from this swap transaction.

Quoted prices in markets for similar instruments are used as a basis in valuation of derivative instruments.

Cross currency and interest swap transactions are accounted for within the scope of hedge accounting. Unrealised and effective valuation differences amounting to TL 32.128.775 are accounted for under equity (2012: None).

During the current period, TL 10.277.936 (2012: TL 5.859.367 expense) income has been accounted for relating with the derivative financial instruments that are due.

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7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

As of the balance sheet date, the Company's trade receivables are as follows:

	31 December 2013	31 December 2012
<u>Short-term trade receivables</u>		
Trade receivables	432.190.639	403.795.058
Notes receivable	12.893.426	19.890.961
Trade receivables from related parties (Note 25)	20.367.562	15.707.671
Unearned credit finance income	(3.838.561)	(2.941.138)
Doubtful receivables provision (-)	(7.408.925)	(7.105.724)
	<u>454.204.141</u>	<u>429.346.828</u>
	31 December 2013	31 December 2012
<u>Long-term trade receivables</u>		
Trade receivables	5.847.250	2.714.118
	<u>5.847.250</u>	<u>2.714.118</u>

As of 31 December 2013 and 2012, the maturities of trade receivables are 72 and 70 days on average and they are discounted with average annual interest rates of 7,19% and 5,6%, respectively.

As of 31 December 2013, the trade receivables amounting to TL 24.198.104 (2012: TL 24.862.448) were past due but not impaired. The aging of these receivables as of 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
Between 0 - 1 months	17.215.333	14.683.984
Between 1 - 3 months	2.947.242	5.201.485
Between 3 - 12 months	4.035.529	4.976.979
	<u>24.198.104</u>	<u>24.862.448</u>

As of 31 December 2013, the trade receivables amounting to TL 7.408.925 (2012: TL 7.105.724) were impaired and provided for.

Majority of the doubtful receivables are related to delayers/ customers that has unexpected financial shortages. A portion of this receivables are expected to be collected.

Doubtful receivable provision has ben accounted for on the basis of prior collection problem experiences.

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7. TRADE RECEIVABLES AND PAYABLES (Cont'd)

Movements in provision for doubtful receivables as of 31 December 2013 and 2012 are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Opening balance	7.105.724	5.568.553
Period charge	303.201	1.801.020
Collections	-	(263.849)
Closing balance	7.408.925	7.105.724

Trade Payables

As of the balance sheet date, the Company's trade payables detail is as follows:

	31 December 2013	31 December 2012
<u>Short-term trade payables</u>		
Trade payables	131.776.791	91.501.028
Trade payables to related parties (Note 25)	58.731.786	50.918.979
Unrealised credit finance expense	(184.564)	(117.731)
	190.324.013	142.302.276

As of 31 December 2013 and 2012, the maturities of trade payables are 40 and 39 days on average and they are discounted with average annual interest rates of 7,19% and 5,6%, respectively. The Company has financial risk management policy in order to manage the maturity structure of liabilities.

8. OTHER RECEIVABLES AND PAYABLES

Other Receivables	31 December 2013	31 December 2012
<u>Other Short-term Receivables</u>		
Other receivables from related parties (Note 25)	2.068.975	2.672.163
Receivables from tax office	2.875.056	761.276
Due from personnel	1.847.037	1.732.280
Restricted cash (Note 4)	1.350.000	680.427
Other	176.347	468.864
	8.317.415	6.315.010
<u>Other Long-term Receivables</u>		
Deposits and guarantees given	98.415	93.090
	98.415	93.090

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8. OTHER RECEIVABLES AND PAYABLES (Cont'd)

Other Payables

	31 December 2013	31 December 2012
<u>Other short-term payables</u>		
Other payables to public authorities	1.677.205	1.580.432
Other payables to related parties (Note 25)	260.151	386.380
	<u>1.937.356</u>	<u>1.966.812</u>

9. INVENTORIES

	31 December 2013	31 December 2012
Raw materials	37.578.582	38.093.635
Materials and supplies	39.522.354	33.452.260
Semi-finished goods	15.286.499	16.829.677
Finished goods	74.950.011	78.818.094
Trade goods	41.261.816	25.284.513
Goods in transit	71.287.096	58.262.459
Other inventories	1.247.302	34.833
	<u>281.133.660</u>	<u>250.775.471</u>

In the period 1 January - 31 December 2013, the cost of inventories recognised as expense and included in cost of goods sold is TL 814.653.420 (1 January - 31 December 2012: TL 843.260.930).

The translation gain arising from derivative financial instruments amounting to TL 4.242.020 has been included in inventories as of 31 December 2013 (2012: TL 337.429 translation loss).

10. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2013	31 December 2012
<u>Short-term Prepaid Expenses</u>		
Advances given to suppliers	912.273	974.589
Prepaid expenses	3.029.384	3.103.763
Advances given to personnel	-	15.660
Advances given to dealers (*)	21.871.012	17.170.364
	<u>25.812.669</u>	<u>21.264.376</u>

(*) Consists of advances given to dealers that are to be offset with sales premiums.

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10. PREPAID EXPENSES AND DEFERRED INCOME (Cont'd)

<u>Long-term Prepaid Expenses</u>	31 December 2013	31 December 2012
Advances given for fixed assets	6.504.391	790.897
	6.504.391	790.897
<u>Short-term Deferred Income</u>	31 December 2013	31 December 2012
Advances received	5.305.363	668.650
Deferred income	293.255	-
	5.598.618	668.650
<u>Long-term Deferred Income</u>	31 December 2013	31 December 2012
Income for the following years	1.130.662	-
	1.130.662	-

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11. PROPERTY, PLANT AND EQUIPMENT

	1 January 2013	Additions	Transfers	Disposals	31 December 2013
Cost					
Land and land improvements	16.449.248	-	-	(214.303)	16.234.945
Buildings	219.810.129	-	9.712.885	(372.824)	229.150.190
Machinery and equipment	1.133.789.512	61.061	121.723.164	(2.524.388)	1.253.049.349
Motor vehicles	3.666.587	798.671	3.294	(391.891)	4.076.661
Furniture and fixtures	36.111.504	4.427.496	7.414.334	(33.247)	47.920.087
Other fixed assets	21.820.373	10.394.798	753.072	(11.869)	32.956.374
Construction in progress	104.846.251	87.916.816	(146.981.059)	-	45.782.008
	1.536.493.604	103.598.842	(7.374.310)	(3.548.522)	1.629.169.614
Accumulated depreciation					
Land and land improvements	10.226.993	162.660	-	-	10.389.653
Buildings	125.894.251	7.153.373	-	(222.067)	132.825.557
Machinery and equipment	891.255.877	62.003.885	-	(2.426.761)	950.833.001
Motor vehicles	2.649.064	352.234	-	(352.657)	2.648.641
Furniture and fixtures	14.884.062	3.521.027	-	(4.661)	18.400.428
Other fixed assets	8.694.759	2.955.671	-	(247)	11.650.183
	1.053.605.006	76.148.850	-	(3.006.393)	1.126.747.463
Net book value	482.888.598	27.449.992	(7.374.310)	(542.129)	502.422.151

In the year ended 31 December 2013, TL 60.803.574 of the depreciation expense is charged to "cost of goods sold" (2012: TL 50.661.852), TL 1.383.043 is charged to "research and development expenses" (2012: TL 1.300.897), TL 6.893.920 is charged to "selling and marketing costs" (2012: TL 5.700.687), TL 1.883.305 charged to general administrative expenses" (2012: TL 1.527.164) and TL 5.185.008 of the depreciation expense is charged to "inventories" (2012: TL 3.838.428).

As of 31 December 2013 there are no mortgages on property, plant and equipment (2012: None).

As of 31 December 2013, carrying value of the property, plant and equipment which has been obtained by financial lease is TL 2.494.654. (31 December 2012: TL 2.794.718)

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11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	1 January 2012	Additions	Transfers	Disposals	31 December 2012
Cost					
Land and land improvements	16.449.248	-	-	-	16.449.248
Buildings	208.610.947	14.520	11.184.662	-	219.810.129
Machinery and equipment	1.029.409.538	84.291	111.437.194	(7.141.511)	1.133.789.512
Motor vehicles	3.896.475	46.148	-	(276.036)	3.666.587
Furniture and fixtures	27.595.571	3.754.564	5.101.229	(339.860)	36.111.504
Other fixed assets	15.801.048	6.019.325	-	-	21.820.373
Construction in progress	60.823.679	173.156.997	(129.134.425)	-	104.846.251
	1.362.586.506	183.075.845	(1.411.340)	(7.757.407)	1.536.493.604
Accumulated depreciation					
Land and land improvements	10.047.100	179.893	-	-	10.226.993
Buildings	119.175.810	6.718.441	-	-	125.894.251
Machinery and equipment	847.299.370	50.971.492	-	(7.014.985)	891.255.877
Motor vehicles	2.521.617	388.119	-	(260.672)	2.649.064
Furniture and fixtures	12.509.088	2.573.436	-	(198.462)	14.884.062
Other fixed assets	6.497.112	2.197.647	-	-	8.694.759
	998.050.097	63.029.028	-	(7.474.119)	1.053.605.006
Net book value	364.536.409	120.046.817	(1.411.340)	(283.288)	482.888.598

12. INTANGIBLE ASSETS

	1 January 2013	Additions	Transfers	Disposals	31 December 2013
Cost					
Rights	46.994.762	5.644.627	341.480	-	52.980.869
Other intangible assets	25.726.217	1.321.383	7.032.830	-	34.080.430
	72.720.979	6.966.010	7.374.310	-	87.061.299
Accumulated depreciation					
Rights	28.431.783	5.289.262	-	-	33.721.045
Other intangible assets	16.796.922	2.348.481	-	-	19.145.403
	45.228.705	7.637.743	-	-	52.866.448
Net book value	27.492.274	(671.733)	7.374.310	-	34.194.851

In the year ended 31 December 2013, TL 1.113.698 of the amortisation expense is charged to "cost of goods sold" (2012: TL 997.981), TL 112.227 is charged to "research and development expenses" (2012: TL 54.085), TL 5.550.557 is charged to "selling and marketing costs" (2012: TL 5.667.201), TL 766.291 expense is charged to "general administrative expenses" (2012: TL 787.776) and TL 94.970 is included in "inventories" (2012: TL 75.613).

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12. INTANGIBLE ASSETS (Cont'd)

	1 January 2012	Additions	Transfers	Disposals	31 December 2012
Cost					
Rights	42.122.691	4.872.071	-	-	46.994.762
Other intangible assets	22.989.516	1.342.799	1.411.340	(17.438)	25.726.217
	65.112.207	6.214.870	1.411.340	(17.438)	72.720.979
Accumulated depreciation					
Rights	22.817.810	5.613.973	-	-	28.431.783
Other intangible assets	14.828.530	1.968.683	-	(291)	16.796.922
	37.646.340	7.582.656	-	(291)	45.228.705
Net book value	27.465.867	(1.367.786)	1.411.340	(17.147)	27.492.274

13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

	31 December 2013	31 December 2012
<u>Short-term provisions</u>		
Provision for lawsuits (i)	1.872.348	1.076.952
Provision for warranty claims (ii)	625.069	713.503
Provision for sales discount premium (iii)	-	298.000
Other	608.264	808.210
	3.105.681	2.896.665

(i) Provision for lawsuits consists of reemployment and occupational accident lawsuits against Company.

(ii) The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's 24-month warranty program for tires. The estimate has been made on the basis of historical warranty expenses.

(iii) Provision for sales discount premium consists of the earned premiums as of the reporting date to be paid to domestic customers of Company within the context of sales incentive system.

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13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

Provisions (Cont'd)

Movements of provisions as of 31 December 2013 and 2012 are as follows:

	Sales discount premium	Lawsuits	Warranty claims	Other	Total
1 January 2013	298.000	1.076.952	713.503	808.210	2.896.665
Additions	-	1.282.053	583.518	40.228	1.905.799
Payments/ reversals	(298.000)	(486.657)	(671.952)	(240.174)	(1.696.783)
31 December 2013	-	1.872.348	625.069	608.264	3.105.681
	Sales discount premium	Lawsuits	Warranty claims	Other	Total
1 January 2012	-	1.155.188	931.278	1.107.068	3.193.534
Additions	298.000	591.780	541.977	3.810	1.435.567
Payments/ reversals	-	(670.016)	(759.752)	(302.668)	(1.732.436)
31 December 2012	298.000	1.076.952	713.503	808.210	2.896.665

14. COMMITMENTS

	31 December 2013	31 December 2012
Guarantees Received		
Direct debiting system limits	226.669.173	171.313.992
Letter of guarantees received	141.374.299	120.434.204
Export insurance	41.401.237	35.407.195
Mortgages	38.189.334	26.081.794
Cheques and notes receivables received as guarantee	13.610.855	13.610.855
Letter of credit	933.289	1.243.197
Export factoring	1.755.700	1.435.400
Payment guarantees obtained from banks	8.868.900	4.022.140
Foreign currency blockage received as guarantee	859.820	-
	473.662.607	373.548.777

The Company has obtained bank collaterals and guarantee cheques and notes from its suppliers due to advances given to suppliers for purchases of goods and services.

In addition, the Company has guarantees comprising letters of guarantee received to minimise customer credit risk in forward sales made to domestic customers, encumbrances, debentures and limits for government debt securities allocated to customers through banks and export insurance, bank letters of guarantee, letters of credit, cash blockage and export factoring for trade receivables due from foreign customers on the basis of credit risk management.

Company's total guarantees received from international export insurance company in order to carry out open account transactions with overseas customers have been disclosed as export insurance while the guarantees taken from factoring companies have been accounted for as factoring amount.

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14. COMMITMENTS (Cont'd)

Collaterals, Pledges and Mortgages given by the Company:

As of 31 December 2013 and 2012 collaterals, pledges and mortgages (“CPM”) given by the Company is as follows:

CPM given by the Company	2013		2012	
	Currency	Amount	Currency	Amount
A. Total of CPMs given on behalf of own legal personality	TL	10.381.397	TL	22.466.048
	US Dollars	1.340.666	US Dollars	983.658
	Avro	2.024.780	Avro	2.000.000
B. Total of CPMs given on behalf of subsidiaries consolidated in full	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPM	-	-	-	-
i) Total amount of CPM given on behalf of the majority shareholder	-	-	-	-
ii) Total amount of CPM given to on behalf of other Group companies which are not in scope of B and C	-	-	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-
		19.188.546		28.922.916

The ratio of other CPM to equity is 0% (2012: 0%).

There are no CPMs given by the Company on behalf of third parties, other than those given on behalf of the Company itself. The guarantees given by the Company comprise guarantees to customs office for import transactions made under the inward processing certificate, guarantees to executive offices for labour matters, guarantees to several governmental institutions to participate in several tenders, and guarantees to Eximbank A.Ş. for borrowings.

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15. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2013	31 December 2012
Accrued salaries and wages	2.001.170	1.883.699
Accrued social security premiums	4.097.875	3.690.603
Withholding personnel income tax	4.331.587	3.976.453
Accrued private pension premiums	69.442	13.296
	10.500.074	9.564.051
	31 December 2013	31 December 2012
Bonus accruals	5.780.000	3.671.315
Unused vacation pay provision	2.466.313	1.863.416
	8.246.313	5.534.731

Provision for retirement pay liability:

According to the articles of Turkish Labor Law in force, there is an obligation to pay legal employee termination benefits to each employee whose employment contracts are ended properly entitling them to receive employee termination benefits. Also, in accordance with the effective laws of the Social Insurance Act No:506 No: 2422 on 6 March 1981 and No: 4447 on 25 August 1999 and with the amended Article 60 of the related act, it is obliged to pay the employees their legal employee termination benefits, who are entitled to terminate. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL 3.254,44 for each period of service at 31 December 2013 (31 December 2012: TL 3.033,98).

The liability is not funded, as there is no funding requirement. The reserve has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, actuarial assumptions were used in the calculation of the total liability as these actuarial assumptions apply to each individual company's defined benefit plan and legal framework in which those companies operate.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2013, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

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15. EMPLOYEE BENEFITS (Cont'd)

Provision for retirement pay liability (cont'd):

TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly actuarial assumptions used in the calculation of the total liability as these actuarial assumptions are detailed below:

	31 December 2013	31 December 2012
Discount rate (%)	3,60	3,60
Retirement probability (%)	100,00	100,00

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi - annually, the maximum amount of TL 3.438,22 effective from 1 January 2014 has been taken into consideration in calculation of provision from employee termination benefits.

The movement of employee termination benefits is as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
1 January	30.361.966	23.383.792
Service cost	5.894.828	6.712.543
Interest cost	1.093.031	844.123
Actuarial loss	-	3.043.740
Payments during the year	(3.069.124)	(3.622.232)
31 December	34.280.701	30.361.966

16. OTHER ASSETS AND LIABILITIES

	31 December 2013	31 December 2012
<u>Other Current Assets</u>		
Deferred VAT	17.856.488	8.059.987
Other current assets	-	508.293
	17.856.488	8.568.280

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17. EQUITY

Paid-in capital

The Company's authorised and issued capital consists of 30.511.687.500 shares at Kr 1 nominal value each (2012: 30.511.687.500 shares). All shares are paid and there is no preferred stock. The Company's shareholders and their shareholdings at 31 December 2013 and 2012 are as follows:

Shareholders	(%)	2013	(%)	2012
H.Ö. Sabancı Holding A.Ş.	43,63	133.111.388	43,63	133.111.388
Bridgestone Corporation	43,63	133.111.388	43,63	133.111.388
Other	12,74	38.894.099	12,74	38.894.099
Total paid-in share capital	100,00	305.116.875	100,00	305.116.875

Restricted reserves and retained earnings

As of 31 December 2013 profit reserves comprise the legal reserves amounting to TL 48.631.690 (2012: TL 37.950.734).

The Company's equity table to be considered as a basis for profit distribution is as follows:

	31 December 2013	31 December 2012
Share capital	305.116.875	305.116.875
Adjustment to share capital	54.985.701	54.985.701
Share premium	4.903	4.903
Restricted reserves	48.631.690	37.950.734
Actuarial loss/ gain	(2.434.992)	(2.434.992)
Hedging reserves	10.897.923	(641.213)
Net income for the period	144.348.171	95.320.182
Retained earnings	6.916.230	18.540
Total equity	568.466.501	490.320.730

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18. SALES AND COST OF GOODS SOLD

	1 January- 31 December 2013	1 January- 31 December 2012
Revenue		
Sales	1.711.248.863	1.614.643.232
Sales returns (-)	(6.404.958)	(6.596.840)
Sales discounts (-)	(180.481.896)	(153.720.628)
Other sales discounts (-)	(34.870.351)	(30.322.290)
Net sales	1.489.491.658	1.424.003.474
Cost of sales	(1.098.300.837)	(1.099.053.958)
Gross profit	391.190.821	324.949.516

19. EXPENSES BY NATURE

	1 January- 31 December 2013	1 January- 31 December 2012
Raw materials used	655.039.057	746.528.930
Personnel expenses	201.899.957	185.468.369
Cost of trade goods sold	151.405.125	96.646.108
Depreciation and amortization	78.506.615	66.697.643
Production overheads	72.211.348	66.867.377
Advertisement expenses	61.065.661	37.504.746
Royalty expenses	18.260.286	16.438.361
Transportation and storage expenses	9.265.641	8.764.859
Communication and information technology expenses	6.721.347	5.784.636
Insurance expenses	3.324.076	3.487.212
Energy expenses	2.795.034	2.531.679
Claims for defective tires	1.901.523	1.865.982
Change in finished goods	8.615.397	981.951
Change in work in progress	(406.159)	(896.059)
Other	45.755.081	43.692.709
	1.316.359.989	1.282.364.503

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19. EXPENSES BY NATURE (Cont'd)

The functional breakdown of depreciation, amortisation and personnel expenses is as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Depreciation and amortization expenses		
Cost of sales	61.917.272	51.659.833
Marketing, selling and distribution expenses	12.444.477	11.367.888
General administrative expenses	2.649.596	2.314.940
Research and development expenses	1.495.270	1.354.982
	78.506.615	66.697.643
Personnel expenses		
Cost of sales	149.518.624	137.265.818
General administrative expenses	24.001.271	23.065.699
Marketing, selling and distribution expenses	20.710.247	18.581.777
Research and development expenses	7.669.815	6.555.075
	201.899.957	185.468.369

20. OTHER OPERATING INCOME AND EXPENSES

Detail of other operating income for years ended 31 December 2013 ve 2012 are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Finance income on credit sales	22.701.049	22.811.417
Foreign exchange gains on operations, net	10.028.368	-
Interest income on trade receivables	4.715.486	4.413.727
Other income	3.991.090	1.071.267
Interest income	34.656	66.885
	41.470.649	28.363.296

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20. OTHER OPERATING INCOME AND EXPENSES (Cont'd)

Detail of other operating expenses for years ended 31 December 2013 ve 2012 are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Foreign exchange loss on operations, net	-	244.959
Interest expense on trade payables	4.088.526	2.749.141
Derivative financial instruments, net	2.753.015	2.094.606
Other expenses	2.643.913	1.280.601
	9.485.454	6.369.307

21. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January- 31 December 2013	1 January- 31 December 2012
Income from Investing Activities		
Gain on sale of property, plant and equipment	947.914	255.361
	947.914	255.361
Expenses from Investing Activities		
Loss on sale of property, plant and equipment	392.222	73.751
	392.222	73.751

22. FINANCIAL INCOME AND EXPENSES

	1 January- 31 December 2013	1 January- 31 December 2012
Interest expenses on borrowings	40.937.722	48.735.755
Interest expenses of financial leasing	67.412	300
Net foreign exchange losses / (gains)	10.410.200	(2.644.300)
	51.415.334	46.091.755

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23. TAXATION ON INCOME

Corporate tax

	31 December 2013	31 December 2012
Corporate tax payable	21.926.849	21.301.987
Less: Prepaid taxes (*)	<u>(21.926.849)</u>	<u>(19.238.947)</u>
	<u>-</u>	<u>2.063.040</u>

(*) The exceeding prepaid corporate tax amount of TL 8.501.520 is accounted for under Assets Related to Current Tax.

Corporate Income Tax Law has been changed with the law numbered 5520 which was published on 13 June 2006. Most of the rules of the new Corporate Income Tax Law are applicable from 1 January 2006. According to this, corporate tax rate applicable in Turkey is 20% (2012: 20%). Corporate tax rate is applied to the taxable profit which is calculated by adding non-deductible expenses and deducting some exemptions taken place in tax laws (exemptions for participation revenues, exemptions for investment incentives) from accounting profit of the Company. No additional taxes are paid unless profit is distributed (except 19.8% withholding tax paid over used investment incentives).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is declared by the 14th and paid 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.

In accordance with Tax Law No: 5024 “Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law” that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (SIS-WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Since these conditions in question were not fulfilled after 1 January 2005, no inflation adjustments were performed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years 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.

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23. TAXATION ON INCOME (Cont'd)

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

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to the Company are real property, investment equity, preferential rights, usufruct shares, founding shares, sales exemption.

75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of 5 years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realized.

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate cannot benefit from this exemption.

Apart from the abovementioned exemptions considered in the determination corporate income tax base, allowances stated in Corporate Income Tax Law Articles 8, 9 and 10 and Income Tax Law Article 40 are also taken into consideration.

	1 January- 31 December 2013	1 January- 31 December 2012
Current period corporate tax expense	21.926.849	21.301.987
Deferred tax expense / (income)	(12.017.798)	1.100.646
	9.909.051	22.402.633

Current period tax reconciliation for the years end 31 December 2013 and 2012 are as follows

	1 January- 31 December 2013	1 January- 31 December 2012
<u>Current tax provision reconciliation:</u>		
Profit before taxation on income	154.257.222	117.722.815
Income tax rate %20 (2012: %20)	(30.851.444)	(23.544.563)
Tax effect:		
- non-taxable income	465.227	533.069
- non-deductible expenses	(386.856)	(312.320)
- reduced corporate tax (Note 2)	20.864.022	921.181
Tax expense	(9.909.051)	(22.402.633)

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23. TAXATION ON INCOME (Cont'd)**Deferred tax**

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under CMB Financial Reporting Standards and their statutory tax financial statements.

Tax rates used for deferred income tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income under the liability method are 20% in Turkey (2012: 20%).

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 December 2013 and 2012 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred income tax assets/ (liabilities)	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Deferred tax assets				
Provision for employment termination benefits	34.280.701	30.361.966	6.856.140	6.072.393
Allowance for doubtful receivables	4.101.636	4.101.636	820.327	820.327
Trade receivables	2.934.778	2.941.138	586.956	588.228
Forward foreign exchange contracts	85.475	817.029	17.095	163.406
Provision for unused vacation liability	2.466.313	1.863.416	493.263	372.683
Provision for bonus provision	5.780.000	3.671.315	1.156.000	734.263
Provision for lawsuits	1.872.348	1.076.952	374.470	215.390
Provision for warranty claims	625.069	713.503	125.014	142.701
Inventories	5.099.907	-	1.019.981	-
Investment incentive (Note 2)	-	-	13.377.449	-
Provision for sales premium	-	298.000	-	59.600
	57.246.227	45.844.955	24.826.695	9.168.991
Deferred tax liabilities				
Property, plant and equipment	49.680.823	26.606.716	9.936.165	5.321.343
Inventories	-	4.209.862	-	841.972
Trade payables	184.564	117.731	36.913	23.546
Forward foreign exchange contracts	13.707.879	15.513	2.741.576	3.103
	63.573.266	30.949.822	12.714.654	6.189.964
Deferred tax assets, net			12.112.041	2.979.027

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23. TAXATION ON INCOME (Cont'd)

Deferred tax (cont'd)

The movements in deferred income tax assets / (liabilities) for the years ended 31 December 2013 and 2012 are as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Opening as of 1 January	2.979.027	2.694.721
Recognised in profit or loss statement	12.017.798	(1.100.646)
Recognised in equity	(2.884.784)	1.384.952
Closing as of 31 December	12.112.041	2.979.027

Investment incentive certificate:

In accordance with the 40613 No. Letter on 10 June 2013 from T. C. Ministry of Economy Promoting Implementation and Foreign Investment General Directorate, within the scope of No: 5534 Regional Incentive Applications dated 1 June 2010, in place of existing Investment Incentive Certificate amounting to TL 366.623.571, as a part of Large Scale Investments; Investment Incentive Certificate No. 5534/B amounting to TL 481.014.717 has been arranged. With the amendment mentioned above, the investment amount rose TL 114.391.146 thus increasing the investment contribution rate from 20% to 30%. Tax deduction rate is 50%.

The Company utilised reduced corporate tax amounting to TL 1.264.971 for the years ended 31 December 2010, 2011, 2012 and TL 2.330.484 for the year ended 31 December 2013.

The Company estimates to utilise TL 73.032.102 reduced corporate tax in the future. In addition to this, as the Company estimates to utilise the related benefit within 20 years, for the foreseeable 3 years a deferred income tax asset of TL 13.377.449 has been accounted for in the context of prudence.

The Company's application to T.C. Ministry of Economy Incentive Implementation and Foreign Capital Department for investment incentive in accordance with the investment decision of a second production plant construction in Aksaray Organized Industrial Zone has been approved and as of 13 February 2014, 113798 No. of Investment Incentive Certificate has been drawn up for the plant construction amounting to TL 495.000.000 that had started on 9 October 2013. Provided investment contribution rate is 60% while the tax deduction rate is 90%. In accordance with the incentive mentioned above, Company utilized a reduced corporate tax of TL 5.156.089 for the secondary manufacturing plant investment to be located in the Aksaray Organized Industrial Zone.

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24. EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the statements of income is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	31 December 2013	31 December 2012
Total number of ordinary shares	30.511.687.500	30.511.687.500
Net profit	144.348.171	95.320.182
Legal reserves	6.236.836	4.507.912
Earnings per usufruct shares (TL)	77.129	58.861
Earnings per ordinary shares (TL)	0,427	0,278

25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from related parties as of 31 December 2013 mostly consist of sales transactions and have average maturity of 39 days (2012: 39).

Due to related parties as of 31 December 2013 mostly consist of purchase transactions and have average maturity of 37 days (2012: 31). No interest is charged for payables.

Balances with related parties	31 December 2013			
	Receivables		Payables	
	Short-term		Short-term	
	Trade	Non-trade	Trade	Non-trade
Shareholders				
H.Ö. Sabancı Holding	-	-	7.270	-
Bridgestone Corporation	12.864.031	1.998.076	1.853.801	203.929
Other related parties				
Bridgestone Singapore Pte. Ltd.	-	-	28.392.271	-
Bridgestone (Shenyang) Steel Cord	-	-	4.945.884	-
Kordsa Global End.İpk Kord Bezi San.Tic.A.Ş.	-	-	13.285.684	19.777
Enerjisa Enerji Üretim A.Ş.	-	-	5.334.565	-
Temsa Global San.ve Tic. A.Ş.	2.088.985	-	-	-
Birlas Mot.Spor Otom.San.ve Tic. Ltd.	5.218.281	-	10.423	-
Akbank	46.990	-	-	-
Other	149.275	70.899	4.901.888	36.445
	20.367.562	2.068.975	58.731.786	260.151

Due from Akbank T.A.Ş. consists of credit card receivables.

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

Balances with related parties	31 December 2012			
	Receivables		Payables	
	Short-term		Short-term	
	Trade	Non-trade	Trade	Non-trade
Shareholders				
H.Ö. Sabancı Holding	-	-	24.581	-
Bridgestone Corporation	9.185.221	2.481.356	9.088.399	195.939
Other related parties				
Bridgestone Singapore Pte. Ltd.	-	-	21.735.250	-
Bridgestone (Huizhou) Synthetic. Rub.	-	-	1.632.987	-
Bridgestone (Shenyang) Steel Cord	-	-	1.267.311	-
Kordsa Global End.İpk Kord Bezi San.Tic.A.Ş.	666	-	9.330.224	20.842
Enerjisa Enerji Üretim A.Ş.	-	-	4.566.903	-
Bimsa Uluslararası İş. Bilgi ve Yön.	-	-	1.609.223	-
Birlas Mot.Spor Otom.San.ve Tic. Ltd.	6.113.100	-	51.852	-
Akbank	25.627	-	-	-
Other	383.057	190.807	1.612.249	169.599
	15.707.671	2.672.163	50.918.979	386.380

	1 January- 31 December 2013	1 January- 31 December 2012
Sales of finished goods and commercial goods		
Shareholders		
Bridgestone Corporation	89.101.410	114.000.183
Other related parties		
Birlas Motor Sporları Otom.Ltd.Şti.	11.548.876	14.654.875
Temsa Global San.ve Tic. A.Ş.	5.252.494	4.496.151
Other	423.940	218.228
	106.326.720	133.369.437
Other sales		
Shareholders		
Bridgestone Corporation	2.993.779	2.156.671
Other related parties		
Other	178.895	184.032
	3.172.674	2.340.703

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	1 January- 31 December 2013	1 January- 31 December 2012
Purchases of Raw Materials and Semi Finished Goods		
Shareholders		
Bridgestone Corporation	2.868.182	4.686.992
Other related parties		
Bridgestone Singapore Pte. Ltd.	210.006.631	210.202.169
Kordsa Glb End. İpl. Kordbezi San. Tic. A.Ş.	45.280.492	37.120.631
Bridgestone (Shenyang) Steel Cord Co.	15.877.166	16.744.733
Bridgestone (Huizhou) Synthetic Rubco. Ltd.	11.184.468	8.370.680
Bridgestone Carbon Black Co. Ltd.	1.657.420	3.498.113
Other	11.713.731	1.666.538
	298.588.090	282.289.856
Purchases of finished goods and commercial goods		
Shareholders		
Bridgestone Corporation	114.548.800	75.923.105
Other related parties		
Enerjisa Enerji Üretim A.Ş.	40.578.580	36.081.847
Bridgestone Europe SA./N.V.	29.463.719	14.749.432
Other	3.097.512	198.746
	187.688.611	126.953.130
Purchase of services		
Shareholders		
Bridgestone Corporation	470.890	280.260
H. Ö. Sabancı Holding A.Ş.	152.009	244.468
Other related parties		
Aksigorta A.Ş.	8.056.411	10.428.730
Lasder Lastik San. Derneği İktisadi İşletmesi	4.582.161	6.225.678
Bimsa Uluslararası İş. Bilgi ve Yön. Sis. A.Ş.	5.893.532	5.116.500
Vista Turizm ve Seyahat A.Ş.	3.262.579	3.347.564
Other	3.231.025	3.973.862
	25.648.607	29.617.062

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	1 January- 31 December 2013	1 January- 31 December 2012
Rent expense		
Shareholders		
H. Ö. Sabancı Holding A.Ş.	276.432	260.580
Other related parties		
Temsa San. ve Tic. A.Ş.	338.085	326.339
Aksigorta A.Ş.	42.300	39.840
Teknosa İç ve Dış Ticaret A.Ş.	29.904	27.720
	686.721	654.479
Purchase of fixed assets		
Shareholders		
Bridgestone Corporation	1.895.932	58.860.480
Other related parties		
Bimsa Uluslararası İş. Bilgi ve Yön. Sis. A.Ş.	2.672.115	2.792.763
Bridgestone Plant Eng.	2.616.767	1.921.586
Other	2.146.831	2.736.455
	9.331.645	66.311.284
Commission expense (Sales premium and Royalty)		
Shareholders		
Bridgestone Corporation	18.260.286	16.438.361
Other related parties		
Birlas Motor Sporları Otom. Ltd.Şti.	2.104.896	2.998.993
Other	7.550	75.716
	20.372.732	19.513.070

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	31 December 2013	31 December 2012
Demand deposits		
Akbank T.A.Ş.	5.555.103	5.732.837
	5.555.103	5.732.837
Financial liabilities		
Akbank T.A.Ş.	2.934.617	63.680.229
	2.934.617	63.680.229
	31 December 2013	31 December 2012
Advances given		
Vista Turizm ve Seyahat A.Ş.	279.050	-
Birlas Motor Sporları Otom. Ltd.Şti.	502.424	1.137.067
	781.474	1.137.067
Guarantees received		
Birlas Motor Sporları Otom. Ltd.Şti. (*)	2.990.000	1.940.000
Other	205.000	205.000
	3.195.000	2.145.000
	1 January- 31 December 2013	1 January- 31 December 2012
Finance income		
Akbank T.A.Ş.	-	14.522
	-	14.522
Finance expenses		
Akbank T.A.Ş.	1.877.432	5.352.603
	1.877.432	5.352.603
	1 January- 31 December 2013	1 January- 31 December 2012
Key management compensation:		
Salaries and other short-term benefits	4.310.573	3.679.886
Employment termination benefits	20.349	138.770
Other long-term benefits	82.671	75.973
	4.413.593	3.894.629

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26. FINANCIAL INSTRUMENTS AND FINANCIAML RISK MANAGEENT

Financial risk management

Financial risk factors

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by Finance Department of Brisa under policies approved by the board of directors. Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Company’s operating units.

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below depicts the cash outflows the Company will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Company performs its liquidity risk management by considering expected non-discounted cash flows.

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Liquidity risk (cont'd)

As of 31 December 2013 and 2012, liquidity risk analysis of the financial liabilities of the Company is as follows:

31 December 2013

<u>Contractual maturities</u>	<u>Carrying value</u>	<u>Contractual cash flows</u>	<u>Less than 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities						
Financial liabilities	580.460.757	612.125.449	6.771.650	267.315.432	338.038.367	-
Issue of bonds	-	-	-	-	-	-
Financial lease obligations	1.288.820	1.328.611	306.518	919.553	102.540	-
Trade payables	190.324.013	190.508.577	190.508.577	-	-	-
Other payables	64.799.405	64.799.405	26.921.729	2.466.313	35.411.363	-
Total liabilities	836.872.995	868.762.042	224.508.474	270.701.298	373.552.270	-

<u>Contractual maturities</u>	<u>Carrying value</u>	<u>Contractual cash flows</u>	<u>Less than 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>Over 5 years</u>
Derivative cash inflows	8.237.629	8.237.629	2.489.963	5.747.666	-	-
	8.237.629	8.237.629	2.489.963	5.747.666	-	-

31 December 2012

<u>Contractual maturities</u>	<u>Carrying value</u>	<u>Contractual cash flows</u>	<u>Less than 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities						
Financial liabilities	555.694.955	574.563.766	164.281.231	406.942.248	3.340.287	-
Notes payable	-	-	-	-	-	-
Financial lease liabilities	1.940.988	2.045.920	245.475	736.425	1.064.020	-
Trade payables	142.302.276	142.420.007	142.420.007	-	-	-
Other payables	50.992.875	50.992.875	18.767.493	1.863.416	30.361.966	-
Total liability	750.931.094	770.022.568	325.714.206	409.542.089	34.766.273	-

<u>Contractual maturities</u>	<u>Carrying value</u>	<u>Contractual cash flows</u>	<u>Less than 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>Over 5 years</u>
Derivative cash outflows	801.516	801.516	801.516	-	-	-
	801.516	801.516	801.516	-	-	-

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Market risk

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. To keep these exposures at a minimum level, the Company tries to borrow at the most suitable rates.

Interest rate risk table of the Company as of 31 December 2013 and 2012 is as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Financial instruments with fixed interest rate		
Financial liabilities	499.023.296	479.754.716
Financial instruments with floating interest rate		
Financial liabilities	81.437.461	75.940.239

At 31 December 2013, if interest rates on TL denominated borrowings had been 5% higher/lower with all other variables held constant, post-tax profit for the year would have been TL 54.873 (2012: TL 153.990) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2013 Company has no Euro denominated borrowings. At 31 December 2012, if interest rates on Euro denominated borrowings had been 5% higher/lower with all other variables held constant, post-tax profit for the year would have been TL 18.578 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira. Foreign Exchange risk is monitored with an analysis of foreign exchange positions. In addition, the company aims to reduce foreign exchange risk arising from assets and liabilities by using currency forward instruments.

The Company has documented officially its currency risk policy practices and derivative transactions under its “Currency Risk Hedge Policy”, and performs this practice according to the rules and limits stated in the document and approved by senior management.

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

(b) Market risk (cont’d)

Derivative financial instruments

The derivative financial instruments of the Company consist of foreign exchange forward contracts. Such contracts while providing effective economic hedges for the associated risks also qualify for hedge accounting under the requirements of TAS 39 “Financial Instruments: Recognition and Measurement” thus they are accounted for as hedging derivatives financial instruments in the financial statements.

The Company presents the gains and losses relating to the hedging transactions under equity as “hedge reserves”.

All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Foreign Currency Position

The Company’s assets and liabilities denominated in foreign currencies at 31 December 2013 and 2012 are as follows:

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Market risk (cont'd)

Foreign currency position table

	31 December 2013				
	TL Equivalent (Functional currency)	US Dollar	Euro	JPY	GBP
Cash and cash equivalents	4.437.784	1.848.580	162.473	79.888	3.885
Trade receivables	39.673.515	5.420.486	8.145.391	-	1.192.012
Trade receivables from related parties	12.906.983	-	4.395.363	-	-
Other receivables from related parties	2.069.494	913.718	40.642	-	-
Prepaid expenses	331.247	5.881	107.967	-	470
Current Assets	59.419.023	8.188.665	12.851.836	79.888	1.196.367
Trade receivables	32.053	13.845	-	-	713
Prepaid expenses	547.448	256.500	-	-	-
Non-Current Assets	579.501	270.345	-	-	713
Total Assets	59.998.524	8.459.010	12.851.836	79.888	1.197.080
Trade payables	7.179.442	889.277	1.697.579	5.514.745	52.671
Trade payables to related parties	3.986.149	1.709.553	80.555	4.987.396	-
Other payables to related parties	235.702	43	10.789	10.080.004	-
Deferred income	4.682.968	1.845.135	253.668	-	-
Short-term portion of long-term bank borrowings	4.234.127	1.974.447	6.833	-	-
Short-term financial lease obligations	1.206.819	-	410.972	-	-
Current Liabilities	21.525.207	6.418.455	2.460.396	20.582.145	52.671
Long-term bank borrowings	312.969.300	126.000.000	15.000.000	-	-
Long-term financial lease obligations	82.002	-	27.925	-	-
Non-Current Liabilities	313.051.302	126.000.000	15.027.925	-	-
Total Liabilities	334.576.509	132.418.455	17.488.321	20.582.145	52.671
Net Foreign Currency Position	(274.577.985)	(123.959.445)	(4.636.485)	(20.502.257)	1.144.409
Total foreign currency amount of off-balance sheet derivative financial assets (*)	260.311.110	121.965.567	-	-	-
Total foreign currency amount of off-balance sheet derivative financial liabilities(*)	-	-	-	-	-
Net foreign currency position of derivative financial instruments	260.311.110	121.965.567	-	-	-
Net foreign currency asset/ (liability) position	(14.266.875)	(1.993.878)	(4.636.485)	(20.502.257)	1.144.409

(*) As of 31 December 2013, the Company entered into a number of foreign exchange forwards contracts with banks in order to hedge its exchange rate risk associated with the import and export transactions amounting to Euro 40.200.000 Euro selling/ USD buying and amounting to USD 80.100.000 USD buying/ TL selling.

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Market risk (cont'd)

Foreign currency position table

	31 December 2012				
	TL Equivalent (Functional currency)	US Dollar	Euro	JPY	GBP
Cash and cash equivalents	761.112	243.707	81.226	140.561	46.244
Trade receivables	26.203.078	4.403.273	6.157.364	-	1.349.286
Trade receivables from related parties	9.224.386	-	3.922.433	-	-
Other receivables from related parties	2.672.748	1.119.107	288.229	-	-
Prepaid expenses	2.711	277	923	-	16
Current Assets	38.864.035	5.766.364	10.450.175	140.561	1.395.546
Trade receivables	26.727	13.845	-	-	713
Prepaid expenses	-	-	-	-	-
Non-Current Assets	26.727	13.845	-	-	713
Total Assets	38.890.762	5.780.209	10.450.175	140.561	1.396.259
Trade payables	5.869.142	1.284.728	1.330.385	10.946.868	78.097
Trade payables to related parties	344.903	79.539	26.882	6.772.777	-
Other payables to related parties	224.020	43	10.789	9.485.797	917
Deferred income	670.359	239.070	57.405	-	38.036
Short-term portion of long-term bank borrowings	-	-	-	-	-
Short-term bank borrowings	43.608.784	11.150.623	10.091.289	-	-
Current Liabilities	50.717.208	12.754.003	11.516.750	27.205.442	117.050
Long-term bank borrowings	-	-	-	-	-
Long-term financial lease obligations	-	-	-	-	-
Non-Current Liabilities	-	-	-	-	-
Total Liabilities	50.717.208	12.754.003	11.516.750	27.205.442	117.050
Net Foreign Currency Position	(11.826.446)	(6.973.794)	(1.066.575)	(27.064.881)	1.279.209
Total foreign currency amount of off-balance sheet derivative financial assets (*)	-	-	-	-	-
Total foreign currency amount of off-balance sheet derivative financial liabilities(*)	-	-	-	-	-
Net foreign currency position of derivative financial instruments	-	-	-	-	-
Net foreign currency asset/ (liability) position	(11.826.446)	(6.973.794)	(1.066.575)	(27.064.881)	1.279.209

(*) As of 31 December 2012, Company entered into a number of foreign exchange forwards contracts with banks in order to hedge its exchange rate risk associated with the import and export transactions amounting to Euro 6.750.000 Euro selling/ USD buying and amounting to USD 29.200.000 USD buying/ TL selling.

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Market risk (cont'd)

The Company is exposed to foreign exchange risk arising primarily with respect to transactions denominated in USD, Euro, GBP and JPY.

The following table details the Company's sensitivity to a 10% increase and decrease in the TL against USD, Euro, GBP and JPY. 10% is used in the reporting of currency risk to the key management and it represents the management's expectation on the potential exchange rate fluctuations. Sensitivity analysis can only be made on the year-end outstanding foreign currency denominated monetary items and it shows the year-end effects of the 10% of exchange currency fluctuation on the related items. The analysis includes foreign loans as well as loans that are denominated other than the creditors' functional currency and used for the Company's foreign transactions. Positive value represents an increase in profit/loss and other equity items.

Foreign currency sensitivity analyze table

31 December 2013

	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
1- USD net asset / liability	(26.456.664)	26.456.664
2- Hedged USD (-)	26.031.111	(26.031.111)
3- USD net effect (1 +2)	(425.553)	425.553
Change in Euro against TL by 10%		
4- Euro net asset / liability	(1.361.504)	1.361.504
5- Hedged Euro (-)	-	-
6- Euro net effect (4+5)	(1.361.504)	1.361.504
Change in other currencies against TL by 10%		
7- Other currencies net asset / liability	360.370	(360.370)
8- Hedged other currencies (-)	-	-
9- Other currencies net effect (7+8)	360.370	(360.370)
TOTAL (3 + 6 +9)	(1.426.687)	1.426.687

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Market risk (cont'd)

Foreign currency sensitivity analyze table

	31 December 2012	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
1- USD net asset / liability	(1.243.149)	1.243.149
2- Hedged USD (-)	-	-
3- USD net effect (1 +2)	(1.243.149)	1.243.149
Change in Euro against TL by 10%		
4- Euro net asset / liability	(250.826)	250.826
5- Hedged Euro (-)	-	-
6- Euro net effect (4+5)	(250.826)	250.826
Change in other currencies against TL by 10%		
7- Other currencies net asset / liability	311.330	(311.330)
8- Hedged other currencies (-)	-	-
9- Other currencies net effect (7+8)	311.330	(311.330)
TOTAL (3 + 6 +9)	(1.182.645)	1.182.645

Outstanding forward contracts	Average rate / Parity		Foreign currency		Contractual value		Fair value	
	2013 TL	2012 TL	2013	2012	2013 TL	2012 TL	2013 TL	2012 TL
TL Selling / USD Buying								
Less than 3 months	2,0608	1,8159	25.200.000	29.200.000	51.947.180	53.035.570	2.451.684	(556.831)
Between 3 - 6 months	2,0994	-	22.500.000	-	47.229.720	-	2.286.214	-
More than 6 months	2,1608	-	32.400.000	-	69.808.940	-	3.406.007	-
EURO Selling / USD Buying								
Less than 3 months	1,3771	1,2987	12.900.000	6.750.000	17.764.910	8.770.275	38.279	(244.685)
Between 3 - 6 months	1,3766	-	13.200.000	-	18.171.460	-	17.557	-
More than 6 months	1,3773	-	14.100.000	-	19.419.860	-	37.888	-
							8.237.629	(801.516)

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Funding risk

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders. The borrowings of the Company are from financially strong various financial institutions.

(d) Credit risk

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables. Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements. The Company management covers these risks by limiting the aggregate risk from any individual counter party and if necessary by obtaining guarantee.

The Company uses internal credit control procedure, credit rating system and internal control policy for the credit risk management of receivables from customers. According to these procedures, the Company approves, increases or decreases individual customer credit limits for high balanced customers (excluding related parties). The credit limits are set by taking into account the financial position, past payment performance, the position of trade relations, growth potential and management style of the customers. These limits are annually revised and letter of guarantees, mortgages and other guarantees are received for the high risk customers.

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Credit risk (cont'd)

As of 31 December 2013, the credit risk regarding the financial instruments is as follows:

Credit risk regarding the financial instruments	Receivables						Derivative Financial Instruments
	Trade Receivables			Other Receivables			
31 December 2013	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits	Other	
Maximum credit risk based on financial instruments as of reporting date	20.367.562	439.683.829	2.068.975	3.373.384	7.968.100	-	8.323.104
- Collateralized or secured with guarantees part of maximum credit risk	2.990.000	399.730.468	-	-	-	-	-
A. Net book value of not due or not impaired financial assets	16.231.205	415.485.725	2.068.975	3.373.384	7.968.100	-	8.323.104
B. Net book value of past due but not impaired financial assets	4.136.357	24.198.104	-	-	-	-	-
- Collateralized or guaranteed part	2.990.000	16.826.751	-	-	-	-	-
C. Net book value of impaired financial assets	-	7.408.925	-	-	-	-	-
- Gross amount of overdue part	-	(7.408.925)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-	-
- Gross amount of not due part	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-	-
D. Off-balance sheet items comprising credit risk	-	-	-	-	-	-	-

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(d) *Credit risk (cont'd)*

As of 31 December 2012, the credit risk regarding the financial instruments is as follows:

Credit risk regarding the financial instruments	Receivables				Derivative Financial Instruments	
	Trade Receivables		Other Receivables			
31 December 2012	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits	Other
Maximum credit risk based on financial instruments as of reporting date	15.707.671	416.353.275	2.672.163	2.881.571	10.887.258	15.513
- Collateralized or secured with guarantees part of maximum credit risk	1.940.000	260.632.684	-	-	-	-
A. Net book value of not due or not impaired financial assets	12.286.318	391.490.827	2.672.163	2.881.571	10.887.258	15.513
B. Net book value of past due but not impaired financial assets	3.421.353	24.862.448	-	-	-	-
- Collateralized or guaranteed part	-	6.015.267	-	-	-	-
C. Net book value of impaired financial assets	-	7.105.724	-	-	-	-
- Gross amount of overdue part	-	(7.105.724)	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-
- Gross amount of not due part	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-
D. Off-balance sheet items comprising credit risk	-	-	-	-	-	-

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Credit risk (cont'd)

The Company assumes that its receivables from the related parties including the ones which are overdue bear no risk of collection since it takes into account that such receivables are to be collected from the companies and that all of such receivables had been collected in the previous periods.

The Company did not make any provisions for doubtful receivables since the overdue receivables are to be collected from the corporate customers who did not delay any collections in the previous periods, and even if they delayed, eventually managed to pay their debts. In addition, when the maturity composition of the receivables which are not impaired are analyzed, it is seen that a little time longer than three months has passed since the maturity date of most of them.

The aging table of the Company's overdue but not impaired trade receivables including due from related parties which takes into account the overdue terms is as follows:

	31 December 2013	31 December 2012
Between 0 - 1 months	21.351.690	18.058.329
Between 1 - 3 months	2.947.242	5.248.493
Between 3 - 12 months	4.035.529	4.976.979
	28.334.461	28.283.801

(e) Capital risk management

The Company'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 benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with others in the industry, the Company monitors capital on the basis of the debt/(total capital+net debt+non-controlling interest) ratio. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents.

As of 31 December 2013 and 2012 Net debt/equity+net debt rates are as follows:

	31 December 2013	31 December 2012
Capital risk management		
Total liabilities	836.958.470	753.811.163
Cash and cash equivalents	7.968.100	10.888.411
Net debt	828.990.370	742.922.752
Equity	568.466.501	490.320.730
Equity+Net debt	1.397.456.871	1.233.243.482
Net debt / (Equity+Net debt)	0,59	0,60

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27. FINANCIAL INSTRUMENTS

Fair value of financial instruments

	Loans and receivables (including cash and cash equivalents)	Available for sale investments	Financial liabilities at amortized cost	Derivative financial instruments	Carrying value	Note
31 December 2013						
Financial assets						
Cash and cash equivalents	7.968.100	-	-	-	7.968.100	4
Trade receivables	439.683.829	-	-	-	439.683.829	7
Receivables from related parties	22.436.537	-	-	-	22.436.537	7
Other receivables	3.373.384	-	-	-	3.373.384	8
Derivative financial assets	-	-	-	40.451.879	40.451.879	6
	473.461.850			40.451.879	513.913.729	
Financial liabilities						
Financial liabilities	-	-	581.749.577	-	581.749.577	5
Trade payables	-	-	131.592.227	-	131.592.227	7
Payables to related parties	-	-	58.991.937	-	58.991.937	7
Derivative financial liabilities	-	-	-	85.475	85.475	6
	-	-	772.333.741	85.475	772.419.216	
31 December 2012						
Financial assets						
Cash and cash equivalents	10.888.411	-	-	-	10.888.411	4
Trade receivables	416.353.275	-	-	-	416.353.275	7
Receivables from related parties	18.379.834	-	-	-	18.379.834	7
Other receivables	2.881.571	-	-	-	2.881.571	8
Derivative financial assets	-	-	-	15.513	15.513	6
	448.503.091			15.513	448.518.604	
Financial liabilities						
Financial liabilities	-	-	557.635.943	-	557.635.943	5
Trade payables	-	-	91.383.297	-	91.383.297	7
Payables to related parties	-	-	51.305.359	-	51.305.359	7
Derivative financial liabilities	-	-	-	817.029	817.029	6
	-	-	700.324.599	817.029	701.141.628	

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27. FINANCIAL INSTRUMENTS (Cont'd)

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company 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 Company can realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate carrying values.

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 along with the related allowances for uncollectibility are estimated to be their fair values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Since, long term foreign currency loans generally have floating rate, air value is close to their book value. Fair value of long term bank loans are discounted amounts of contractual cash flows with the market interest rate (Note 5)

Fair value estimation:

Financial instruments measured at fair value in the balance sheet reclassified as flows:

- Level 1: Quoted prices in markets for assets and liabilities
- Level 2: Direct or indirect observable inputs for the assets or liabilities other than quoted prices in market
- Level 3: Inputs for the assets and liabilities where observable market data cannot be determined.

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27. FINANCIAL INSTRUMENTS (Cont’d)

Derivative financial instruments

Financial Assets / Financial Liabilities	Fair value		Fair value hierarchy	Valuation Technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 December 2013	31 December 2012				
Forward contracts	8.237.629	(801.516)	2	Discounted cash flow method : The future cash flows, predicted by forward foreign currency rate(observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties credit risk.	-	-
Cross-currency swap	32.128.775	-	2	Discounted cash flow method : The future cash flows, predicted by forward foreign currency rate(observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties credit risk.	-	-

28. EVENTS AFTER REPORTING PERIOD

As of 17 January 2014, 18th period collective bargaining agreement negotiations between the Company and Turkey Petroleum, Chemical and Rubber Industry Workers' Union has started.

The Company's application to T.C. Ministry of Economy Incentive Implementation and Foreign Capital Department for investment incentive in accordance with the investment decision of a second production plant construction in Aksaray Organized Industrial Zone has been approved and as of 13 February 2014, 113798 No. of Investment Incentive Certificate has been drawn up for the plant construction amounting to TL 495.000.000 that had started on 9 October 2013.