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BRISA 2014 ANNUAL REPORT





Contents

- 3 Agenda of The Ordinary General Assembly
- 5 Independent Auditor's Report
- 6 Message From The Chairman of The Board

BRISA AT A GLANCE

- 8 Corporate Profile
- 12 Capital and Shareholding Structure
- 16 Mission, Vision and Corporate Values
- 18 Milestones Adding Value to Our Journey
- 24 Our Awards
- 26 Board of Directors
- 32 Executive Board
- 34 Investor Relations

DEVELOPMENTS AND OPERATIONS IN 2014

- 36 Sectoral Developments
- 38 An Outlook on 2014
- 42 Manufacturing and Products
- 43 Domestic Distribution and Channel Management
- 44 Domestic Marketing and Sales Operations
- 47 International Marketing and Sale Activities
- 50 Investments and R&D Activities
- 51 Financial Results & Ratios
- 54 Internal Audit and Internal Control
- 55 Other Information

SUSTAINABILITY

- 56 Sustainability
- 57 Environmental Sustainability
- 60 Labor Health and Safety
- 61 Human Resources
- 62 Social Sustainability

REPORTS

- 64 Corporate Governance Principles Compliance Report
- 85 Proposal for Profit Distribution
- 93 Financial Statements



Our greatest passion is to innovate journey's future...

Into every action we take,
we put a part from our heart.
In every step we take to add value to society,
we consider the welfare of humanity and nature.

The greatest source of cause to our growth
is the strong belief and love we possess
owards what we do.

Reporting Period

January 1st 2014 - December 31st 2014

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 the Presidential Board,
2. Presentation and discussion of the Board of Directors' Annual Report, covering the activities and the financial results of the year 2014,
3. Presentation and discussion of the Auditors' Report related to the fiscal year 2014,
4. Informing the General Assembly in relation with the provided 2014 year donations and aids,
5. Presentation, discussion and approval of the year 2014 Financial statements,
6. Release of the Board of the Directors for the activities of the Company in 2014,
7. Discussion and resolution of the Board of Directors' proposal in relation with the use of 2014 year profits, distribution and dividend rates of the same,
8. Approving the Donation and Aid Policy,
9. Deciding the Company donation limit for the year 2015,
10. Presenting the assignment of the Board Member who was elected to serve for the remaining term of the Board membership position vacated during the year 2014, to the approval of General Assembly,
11. Election of the Board of Directors and deciding the tenure of the elected Board of Directors.
12. Resolution of the wage and per diem fee and premium rights of Board of Directors.
13. Election of the Auditor,
14. Providing the respective permissions to the Board of Directors Chairman and Members for performing the transactions stipulated under the Articles 395 and 396 of the Turkish Commercial Code.

Meeting Date : March 23th 2015, Monday

Meeting Time : 10 am

Meeting Place : Sadıka Ana 2 Toplantı Salonu

Sabancı Center Kule 2,

4. Levent/İSTANBUL





INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

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

Report on the Audit of Management's Annual Report in accordance with Independent Auditing Standards

We have audited the annual report of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("the Company") for the period ended 31 December 2014.

Management's Responsibility for the Annual Report

The Company's Management is responsible for the preparation and fair presentation of the annual report which is consistent with the financial statements in accordance with the Article 514 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"), and for such internal control as management determines relevant to the preparation and fair presentation of such annual report.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's annual report based on our audit conducted in accordance with the provisions of the Article 397 of the TCC and the Communiqué. Our audit involves whether the financial information provided in the annual report are fairly presented and consistent with the financial statements.

We conducted our audit in accordance with Independent Auditing Standards, which is a part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information provided in the annual report are fairly presented and consistent with the financial statements.

An audit involves performing procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's judgment.

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

Opinion

In our opinion, the financial information provided in the Management's annual report, in all material respects, are fairly presented and consistent with the audited financial statements.

Other Legal and Regulatory Requirements

In accordance with paragraph three of the Article 402 of the TCC, nothing significant has come to our attention that may cause us to believe that the Company may not continue its activities for the foreseeable future in accordance with Independent Auditing Standard 570 "Going Concern".

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Ömer Tanrıöver, SMMM
Sorumlu Denetçi

İstanbul, 26 Şubat 2015



Turkey is heading towards becoming one of the world's top ten economies by 2023, a year, which also coincides with the 100th anniversary of the Republic. Within this process we are working in order to create a more powerful, productive, hardworking Turkey, which distinctively contributes to tomorrow's technology as of today, becoming more efficient than ever.

Esteemed Shareholders,

Before embarking upon an evaluation of the 2014 financial data and operational undertakings of Brisa, which has been established with the partnership of its main shareholders, Sabancı Holding and Bridgestone Corporation, and, which has achieved many national and international successes during its 25 year long history, I would like to share with you the latest developments both in Turkey and around the globe.

2014 witnessed major political, social and financial developments. The United States of America experienced an increase in its income level for the first time in 6 consecutive years, together with its growth rate exceeding the world's average, and saw positive openings in its foreign policies. On the other hand we started receiving signals of a weakening within the Euro Zone. Japan unfortunately could not achieve its previous financial performance, faced both with a shrinking domestic demand and inflation problems resulting in a failure to meet its growth targets. We are also in such a period whereby China, a major contributor to the world's economic growth, has slammed on its brakes.

We saw the interest-rate discount, which China offers, in an attempt to revive demand, still not preventing the downward growth trend of the country.

Another important development was the fall in the oil prices due to the slow down of the Chinese economy coupled with the global supply surplus experienced in the last months of the year. Although we see that this situation brought about some positive impact we still must not overlook the considerable income losses of the oil exporting countries. This development highlights the importance of a smart management approach towards the negative consequences, which might affect oil importing countries like Turkey, where the US dollar is still overvalued.

All these global developments, geographically close ones, and the economic instability had an impact on our country. In 2014 we received insufficient investment due to a lack of confidence towards emerging markets and national under savings. On the other hand the import-export imbalance started to become challenging for Turkey. Our country's growth rate remained considerably behind its needs and potential.

Meanwhile, our country experienced positive developments as well. The geopolitical location of Turkey, especially its intersecting position on the energy corridors, offers advantages and shows great potential. This “transition year” yields us endless opportunities with the expectation of low oil prices and steps to be taken for the implementation of long term reforms. We wholeheartedly wish 2015 to serve as a first step for our country’s development drive and contribute power to our successful progress towards achieving our 2023 targets.

Esteemed Shareholders,

I am delighted to announce you that thanks to the firm steps we took in 2014 we have taken Brisa beyond our financial as well as our customer, sustainability and innovation oriented targets during the course of the latest global and national developments.

In 2014 we increased our sales by 14% and net profit by 29% on a year-on-year basis, realizing a total annual sales revenue of 1.693 million TL. We also realized a total of 920 million USD investments since the establishment of our company. 290 million USD of this overall investment was made during the last five years for our manufacturing facility based in Izmit. Besides our renewal/upgrading investment in our Izmit facility we started to realize a total of 300 million USD initial investment for our Aksaray factory, which is targeted to come under operation in 2018 to manufacture tyres for passenger and light commercial vehicles. Thanks to our new factory we aim to add an extra 4,2 million units per annum besides our current Izmit manufacturing capacity, thus increasing our overall manufacturing capacity by 30%.

As Brisa we are among Europe’s seven biggest tyre manufacturers. We ranked 84th among Turkey’s Fortune 500 companies, 54th among Turkey’s largest industrial companies selected by the Istanbul Chamber of Commerce and 39th in “Turkey’s Most Valuable Brands Research” carried out by the brand rating institution, Brand Finance, with our 133 million USD worth brand value.

Behind all our successes lies the determination of our mid and long term targets and the establishment of business models, which enables our mission, vision and targets to be clearly understood and to manage our business accordingly. Our success in designing and implementing a strategy in Brisa brought about a prestigious award.

Thanks to our “Brisa Strategy House” project supporting our specific approach, we were granted the “Balanced Scorecard Hall of Fame for Executing Strategy” award, known as the “Strategy Management Oscar” among the international business community, by the world’s leading strategy and technology consultancy, training and licencing institution, the Palladium Group.

In today’s world “innovation” and “sustainability” are integral concepts that cannot be compromised by organizations aiming to become successful and, which desire to maintain their successes in the global trade arena. In line with Brisa’s, “We innovate your journey” vision, we blend our entrepreneurial spirit with our values of sustainability and innovation and set off on our transformation journey, which takes us from being a manufacturing company to that of being an innovation one. We put our customers at the focus in all our business processes during this transformation journey and will continue to provide them more innovative solutions, to ease their lives. Our initiatives in this respect have received the crowning accolade by the “Customer Oriented Service Innovation Award” granted at the Turkey Innovation Week, the “Strategic Planning Award” presented at the ISO Innovation Awards Event and “National Innovation Award” bestowed at the European Business World Awards Competition respectively.

We uphold the responsibility to transparently share our latest achievements with the public regarding to our sustainability management; yet another topic I give importance to and see it as an indispensable part of our work culture. Accordingly after the preparation of our first report for 2012 and the previous years, we issued the GRI A+ report for our 2013 performance thus becoming a sectorial pioneer in this field as well.

As Brisa we take great pleasure in developing innovative services, which contribute both to the sector and the customers alike, and which offer training opportunities to our employees. We still have a long way to go, which is bright with the light of our vision. The confidence and support of our shareholders and our business partners during this journey motivates us to be more innovative and widen our pioneering and innovative approach to wider target groups and geographies.

As the Brisa Family we work with all the power that we have in order to fulfill our “sustainable growth” and “providing superior values to the community” commitments, which we have given to our shareholders.

I would like to thank our esteemed shareholders and business partners for their contribution in the development of Brisa.

With my kind respects,

Güler Sabancı

CORPORATE PROFILE

Being the leader of the sector increases our responsibility.

Under the light of our "To Innovate Your Journey" vision we strengthen the sustainability aspect of our company's economic, environmental and societal perspectives, add value both in today and the tomorrows, thus ensure sustainable growth.

The foundations of Turkey's industry leader company were laid in 1974 with the initiative of Sabanci Holding and its partners, and under the brand name Lassa. The establishment of Brisa dates back to 1988 with the partnership of Sabanci Holding and the world's tyre sector leader Bridgestone Corporation, which kick started the journey of the Lassa and Bridgestone brands...

Having received the National Quality Award in 1993 we became the first Turkish company winning the European Quality Grand Award in 1996 as a result of our superior performance in business excellence. Today we are among Europe's biggest top seven tyre manufacturing companies.

We add value to our business partners and customers through our products and services

Celebrating the 40th anniversary of "Turkey's tyre brand" Lassa in 2014, our company continues to pioneer the sector and add value to its customers with its main brands namely Bridgestone, Lassa, Firestone, Dayton tyre brands, Bandag tyre retreading brand, Energizer battery brand, together with Otopratik, Propratik, Lastiğim, Lastik Vs. and Speedy signboarded sales and services points; Bridgestone Box and "lastik.com.tr" alternative sales channels; Road Help (Bridgestone Road Friend Hot Line, Lassa Road Help, Filofix), Profleet, Mobilfix and Tyre Hotel (tyre storage service) services and Brisa Academy training channel.

We manufacture tyres under our brand names Bridgestone and Lassa, for passenger cars, light commercial vehicles, buses, trucks, tractors and construction equipment all in compliance with international standards regarding the safety and quality criteria as well as import Firestone branded tractor tyres, Dayton branded passenger car tyres and Bridgestone motorcycle tyres, thus offering a total of 1.800 varieties of tyres to the market.

By aiming to provide a well balanced product portfolio to vehicle owners with both its brands our company highlights the performance and safety criteria with Bridgestone brand while emphasizing on the parameters of economy, comfortability and durability with the Lassa brand.

Our products and services are provided at approximately 1200 signboarded sales points domestically. Our Lassa branded tyres manufactured with the manual labour of Brisa workers are at the disposal of the vehicle owners in more than 60 countries and at over 120 signboarded sales points.

At the same time, automotive manufacturers like Oyak Renault, Toyota, Ford Otosan, Fiat, Honda, Mercedes Benz, BMC, Tamsa, Anadolu Isuzu, Otokar, Karsan, Türk Traktör and MAN use the products of both Lassa and Bridgestone tyres as original equipment.

Getting ready for our second factory in Aksaray

Our Kocaeli manufacturing facility is the world's largest tyre factory housed under one roof in a 361.000 m² closed area and, one of the largest important manufacturing bases of Bridgestone Corporation around the globe.

We have started the preparations for our second factory, which will be established on a 950.000 m² area within the Aksaray Organized Industrial Zone and with an investment of 300 million USD. The factory in, which we target to start production in 2018 will manufacture tyres for passenger and light commercial vehicles. In this respect we will add an extra 4,2 million units annually to our current Izmit manufacturing capacity, thus increasing our overall capacity by 30%.

Our transformation journey: From manufacturing company to one of innovation

We know that in today's world merely selling products is not enough. We have to be the pioneers of innovation in order to differentiate. We try to create a difference by reaching out to the vehicle owners and our business partners, benefiting from their needs and opinions and generating innovative ideas. We aim at making our customers' lives easier by always being beside them and at their service together with our pioneering and innovative solutions thus enabling them to enjoy an excellent customer experience.

To preserve world's beauty for the next generations...

In order to meet the needs of our customers in various geographical, road and climatic conditions around the world we manufacture products of the highest quality corresponding to our sustainability approach, thus undertaking the responsibility of contributing both to Turkish economy and to overall development of our country.

On the one hand we reduce our CO₂ emissions and use methods during our processes, which are in harmony with nature's balance and on the other hand we continue to sustainably contribute to our community and the environment with our "Brisa Members Educational Support Association" in the field of education, "Brisaspor Club Lassa Bicycle Team" in the field of sports, "Lassa Set Off On A Safe Journey" and "Bridgestone 2mins. For Safety" projects for safe driving, "Brisa Museum" in the field of culture, "Let the Cranes Fly Forever" project, which we implement together with WWF-Turkey contributing to biological diversity and ensuring the continuity of the crane bird species.

In addition to our sustainability initiatives we undersigned the Global Compact in 2013.

As the members of the Brisa Family and together with WWF-Turkey we now implement the Green Office Program, which underlines our individual contribution to the environment.

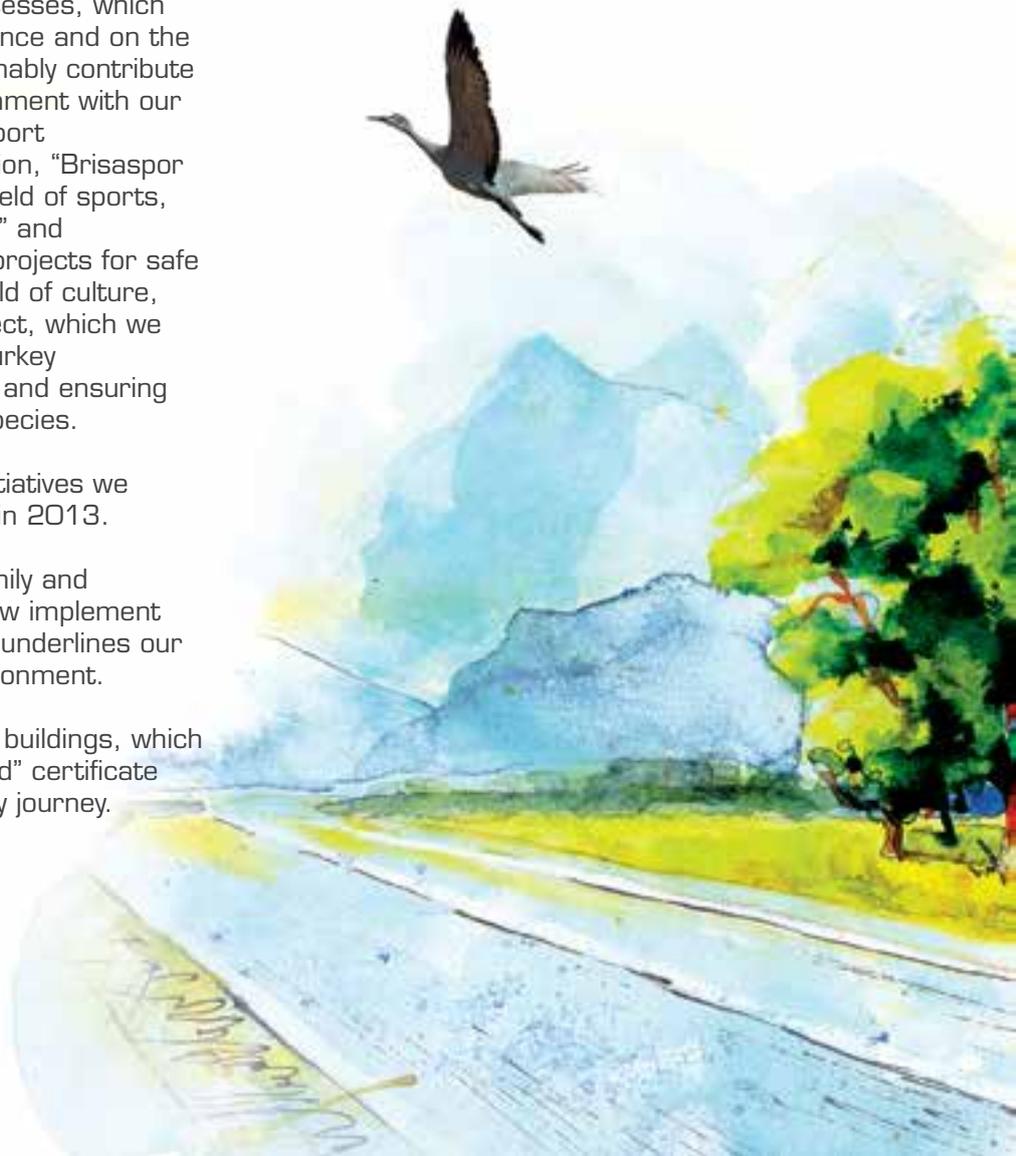
Our Brisa Academy and Museum buildings, which have both obtained the "LEED Gold" certificate inspire us during our sustainability journey.

In order to profoundly share our understanding of sustainability and our determination in contributing to the upcoming years together with the public we have prepared our sustainability initiatives for 2012 and the five retrospective years in accordance with the Global Reporting Initiative-Level A and our 2013 initiative in accordance with Level-A+.

"To Innovate your Journey"

Today we are a family of 2.431 members. This is a family, which takes great pains in contributing to Turkey's bright future...

With the inspiration derived from our vision we display a superior performance and work in order to design future journeys, which people cannot even dream of, differentiate customer experience and make it unique. With our Brisa Innovation Team, which is formed with this inspiration we focus into the future; foresee, dream and design the future's needs and realize them as the entire Brisa Family.



we innovate your journey

> TYRES

BRIDGESTONE LASSA

laanda Firestone

DAYTON

> SALES CHANNELS

BRIDGESTONE LASSA

laanda OtoPratik lastik

ProPratik lastigin Lastik V5

BRIDGESTONE BOX **Security**

> NON-TYRE PRODUCTS

Energizer

> SERVICES

profleet mobilfix Tripin

YOL LASSA **BRIDGESTONE ALL R YOL** **LACINA TRU** **FILOFIX**

akademi BRISA MÜZE B-TAG



2014 HIGHLIGHTS



We are getting ready
for our Aksaray
Production Facilities



Lassa completed
its 40th year.



According to Fortune 500,
we are 84th among
Turkey's Greatest Companies



According to ISO 500
We are ranked 54th.



According to Brand Finance
With our USD 133 Million
brand value, we are
ranked 39th among
Turkey's most valuable brands.

Capital and Shareholding Structure

We derive our power and vigour from our reliable shareholders and our giant capital strengthened through the years.

Authorized Capital : 400.000.000 TL

Issued Capital : 305.116.875 TL

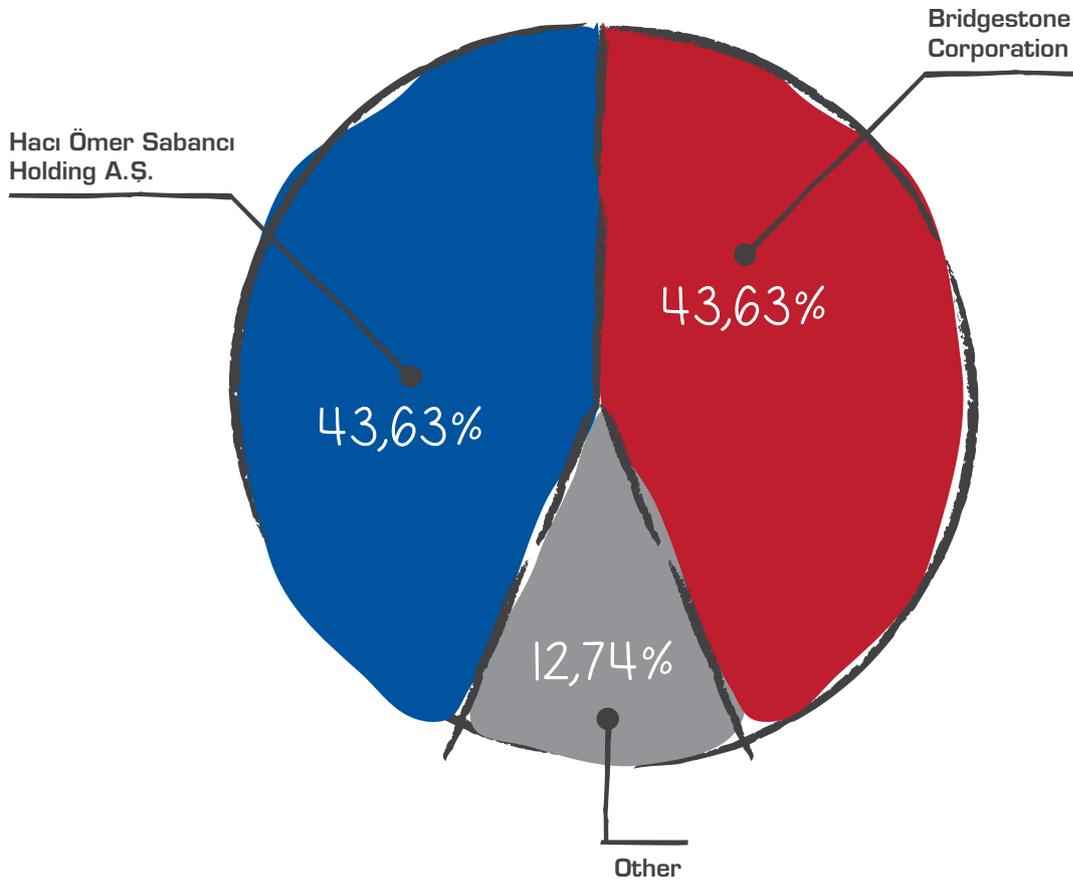
Shareholders holding more than 10% of the capital

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

There has not been any change during the financial period regarding the shareholder and capital structure.

Disclosure on privileged shares and the voting rights of shares

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

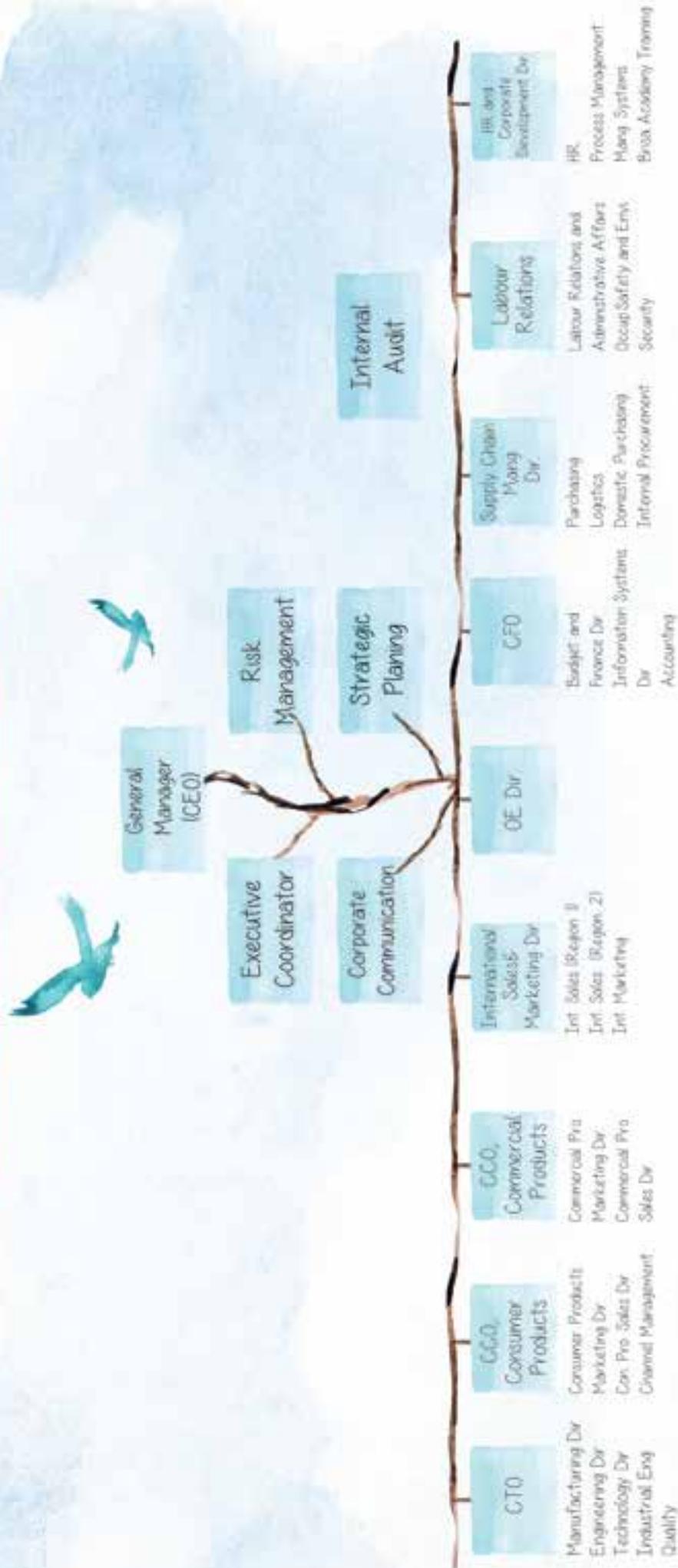


FOR ALL OUR SHAREHOLDERS WE PROVIDE SUSTAINABLE GROWTH.

When done by strategic planning and determined actions, the road always takes you to your destination.



ORGANIZATIONAL STRUCTURE



We leave a mark
to life.



We locate environmental, economical and social sustainability at the center of all our progresses and work for a more beautiful world.



MISSION, VISION AND CORPORATE VALUES

We derive our strong stance and determination from our values and ethical understanding.

Our Mission

To provide superior values to society through sustainable growth.

Our Vision

To innovate your journey.

Our Values

Occupational Safety, Innovation, Customer Orientation, Teamwork, Business Excellence, Sustainability

Our Ethical Approach

Integrity

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

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 Sabanci identity not for our personal interests but to exalt our corporate spirit.

Responsibility

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

Ecosystem
Sustainability
Nature Economy Innovation
Occupational Safety Change
Entrepreneurship Carbon Footprint
Customer Orientation Future
Awareness People Society
Resources Environment
World Responsibility
Journey Flexibility Industry
Recycling Efficiency
Business Excellence Team Spirit

MILESTONES ADDING VALUE TO OUR JOURNEY



Since our first day of operations our vision and our firm steps towards the future continuously shed a light on our road. Our wish is to inspire all our shareholders in the same direction and carry on our journey for the coming years along and achieving successful results together with their confidence.

1970's

1974

Incorporation of Lassa Lastik Sanayi ve Ticaret A.Ş.

Lassa and the BF Goodrich Company sign Technical Know-How and Engineering Services agreements.

1975

Selection of the first Lassa logo via a creativity competition.

The initiative of establishing a dealer network in Turkey, granting dealership authorizations to 186 dealers across 60 provinces starts.

Undersigning an agency agreement with BF Goodrich. LİSA Lastik İthalat ve Satış A.Ş. starts to import tyres under the same brand.

1977

The first test-production at the manufacturing plant starts.

The first comprehensive TV and press promotional campaigns are initiated.

1978

Lassa Lastik Sanayi ve Ticaret A.Ş. commences its mass production.

The organization of the First Lassa Dealers Convention.

1979

The Company reports its profit for the first time.

Turkey's first steel-belted radial passenger tyres production starts.

Production of the 1 millionth Lassa tyre.

Establishment of Lassaspor (currently known as Brisaspor).

1980's

1980

Turkey's first radial snow tyres production starts.

The production of the Loder, being Turkey's biggest local off the road tyre starts.

1983

Turkey's first steel-belted van/light truck tyre production begins.

1985

Turkey's first wide tread tyre production begins.

Turkey's first E.C.E. (Economic Commission for Europe) certified tyre production starts.

1986

Number of dealers reaches 550.

1987

Lassa's export sales amount to 5 million tyres and export countries reach 32 since its establishment.

1988

Signing of the joint venture agreement between Bridgestone Corporation and Sabancı Holding; the name of the Company re-entitled as BRİSA Bridgestone Sabancı Tyre Manufacturing and Trading Inc.

ARGESA facilities start to operate at full capacity.

1989

The groundbreaking ceremony for the construction of a second production facility in the aftermath of the new Bridgestone Corporation and Sabancı Holding partnership.

Start of test-production of radial passenger and radial bus/truck tyres at the new plant.

Establishment of the Bridgestone dealership network.

1990's

1990

New factory begins its first mass production.

Brisa adopts the Total Quality Management.

1991

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

Celebration of the First National Quality Day with Turkey's first Bridgestone tyre export. Brisa becomes one of the global production hubs for the Bridgestone products.

Turkey's first H-rated (210 km/h) high performance passenger tyre production starts.

Launch of the bus/truck steel-belted radial tyres.

1992

Turkey's first V-rated (240 km/h) high performance passenger tyre production starts.

The ISO 9001 Quality Assurance Standards Certificate is obtained.

1993

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

The Brisa Suppliers Convention is organized.

1995

First tyre sales to the European automotive industry

Installation of Turkey's first Online Dealer Information System

"Tyre Service Center" commences its services at the Istanbul Grand Terminal.

Total annual tyre production exceeds 4 million and export figures exceed 2 million units.

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

The BS 7750 Environmental Management Systems Certificates obtained.

1996

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

Bridgestone Corporation gives Brisa the "Best Managed Plant" award.

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

Brisa obtains the ISO 14001 Environment Management Systems standards certificate. Brisa receives the "Best Performing Supplier Award" granted by the Automotive Industrialists Association.

1997

Brisa shares its Business Excellence experience, eventually resulting in receiving 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".

Publication of the corporate web site both in Turkish and in English.

1999

Brisa obtains the QS 9000 Quality Systems in Automotive Sector Certificate. Brisa's Tyre Testing Laboratory becomes the first to receive a certification from the Turkish Standards Institute (TSE) within the framework of EU Directives.

2000's

2000

The launch of the Road Assistance Service becomes a pioneering development for the tyre market.

2001

Launching Turkey's first 4x4 vehicle tyre (Lassa Competus).

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, marked as another pioneering achievement in tyre industry.

2003

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

Turkey's first asphalt rally tyre production starts.

Brisa obtains the 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."

Turkey's first gravel rally tyre production commences. Turkey's first W-rated (270 km/h) ultra-high performance passenger tyre (Lassa Impetus Sport) starts production.

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

Brisa receives Turkish Standards Institute's "Quality Award".

Brisa obtains the Product and System Certification (CCC) granted by the Chinese Quality Center (CQC).

2005

Turkey's first W-rated (18-inch diameter) ultra-high performance passenger tyre (Lassa Impetus Sport) production starts.

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

Brisa obtains the ISO 14001: 2004 Certificate being the latest version of Environment Management Systems standards.

Brisa organizes a press conference with the Formula 1 champion Michael Schumacher at the Turkish Formula 1TM

The first Grand Prix organization.

2006

Launching of the Lassa Atracta; the first passenger radial with an asymmetric tread pattern.

Launching of the "Filofix Road Assistance Service," developed for commercial vehicle fleets.

2007

Bridgestone becomes the sole tyre supplier for Formula 1TM.

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

The Lassa Rally Team became the winner at the Turkish Rally Teams Championship.

2008

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

The celebration of the 20th Anniversary of the partnership between Bridgestone Corporation and Sabancı Holding. Lassa Rally Team becomes the winner at 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 Light).

2009

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

Lassa Rally Team, go from strength to strength and rank as the first in the Turkish Rally Championship since its founding year of 2007, represent Turkey in the Italian Rally Championship for the first time.

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

2010's 

2010

Launching 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 tyre retread company, from Bandag AG, which is the European subsidiary of Bridgestone Corporation, for an amount of USD 3,6 million.

Lassa's website is published in eight foreign languages.

Foundation of the Brisa Academy.

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

2011

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

Setting up of Lastik.com.tr, Turkey's first web-based tyre replacement and maintenance service.

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

Lassa brand sponsors the Bolton Wanderers (English Premier League), Espanyol (Spanish La Liga) and Mönchengladbach (German Bundesliga) football clubs.

Receives the first prize 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) starts in Turkey.

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

Insuring tyres stored by customers at the Tyre Hotel.

The opening of the largest Lassa signboarded store in Milan, Italy. The number of international Lassa signboarded stores reaches 39.

The traditional 24th Brisa Improvement Conference held with the "Sustainability" theme with the aim of contributing to the society.

Shipping of Lassa tyres to Australia, Hong Kong, Venezuela, Tunisia, Albania, Serbia and Sierra Leone for the first time.

2013

Celebrating the 25th anniversary of Bridgestone Corporation and Sabancı Holding cooperation

Adoption of the decision for a 300 million USD investment for the second factory due to be established in Aksaray Organized Industrial Zone.

Opening of the first Propratik store.

Construction of the Brisa Academy and the Brisa Museum with a sustainability understanding.

Opening of the Brisa Museum.

Issue of the first sustainability report.

Signing of the United Nations Global Compact.

Start of the "Let the Cranes Fly Forever" project in cooperation with World Wildlife Fund (WWF) Turkey.

Starting of the road safety project, "Güvenli Yolculuk İçin Lastik Başına" in Otopratik stores.

Signing of the "Cooperate Traffic Safety Declaration". The road safety project "Take Off Strongly", which focuses on the importance of healthy nutrition & living and road safety of long distance heavy vehicle drivers, receives the "Public Health Award".

World's first mobile truck maintenance and repair service Mobilfix receives the "Customer Focus Service Innovation Award".

Turkey's biggest tyre ever brought from Bridgestone Corporation Japan.

2014

Rolling-out our Dayton brand into the market.

Increasing number of overseas stores to 122.

Collaborating with the Authority Group, offering brands into the market through the Lastik Vs. and Speedy stores.

Opening of the first Otopratik store in Ankara in order to increase our customer satisfaction. Manufacturing and rolling-out of the first Y speed class Lassa tyre into the market.

Rolling out the environmentally friendly automobile tyre Lassa Greenways and new generation snow tyre Snoways 3 into the market.

Implementation of the initial evaluation system for our suppliers and rewarding the best companies.

Sharing our 2013 sustainability initiatives with the public with the GRI A+ level.

Initiating the Green Office Program together with WWF-Turkey.

Obtaining the LEED Gold sustainable building certificates for the Brisa Academy and Museum buildings.

Giving training to total number of 3.592 people ranging upto 24 programs at the Brisa Academy.

Obtaining the "ISO 27001:2013 Information Security Management System" standards certificate.

Obtaining the "S7750 Environmental Management Systems" certificate.



OUR INNOVATION JOURNEY 2014

- ▶ We organized the 25th Sustainable Change Conference with the theme: "Future of the journey."
- ▶ We were one of the supporters of Turkey Innovation Week. We brought the participants and the inventor of Solar Impulse together.
- ▶ We brought the participants and the inventor of Aeromobil together at the Turkey Marketing Summit.
- ▶ We opened Brisa Innovation Portal.
- ▶ We supported the ideas of Brisa employees. Our Innovation Awards are allocated to their owners.
- ▶ With collage and university students and Turkish Business World employees, we organized the innovation and corporate entrepreneurship creative thinking workshop.



OUR AWARDS

Each person we reach out and create a difference in his/her life award for us.

We receive the “Hall of Fame” award thanks to our superior success in strategic management!

Our company placing sustainability, innovation and entrepreneurship spirit at the heart of all its business processes thanks to our “To Create Your Journey Ahead” vision was granted the “Balanced Scorecard Hall of Fame for Executing Strategy” award by the Palladium Group, which is recognized as the “Strategy Management Oscar” within the international business community.

Our “Tripin” application goes on “The Most Favourite Start-up” List!

Our “Tripin” application, which is Turkey’s first social journey platform is the only corporate entrepreneurship project ranked the 7th on the “100 Most Favourite Start-up in 2014” list and has appeared on the cover of the Turkishtime Magazine’s July edition.

Bridgestone Box receives the Customer Oriented Service Innovation Award

The Bridgestone Box concept, which we implemented in 2014 with our understanding of providing innovative solutions and services and always remaining close to our customers and vehicle owners, was granted the “Customer Oriented Service Innovation Award”. Bridgestone Box, which enables the provision of products and services at points where needed by the vehicle owners offers the best solutions for our customers who face difficulty in service accessibility while travelling, thanks to its easily accessible locations.

We have become the “National Innovation Champion”

We were selected the “National Champion” at the Innovation Category of the European Business Awards, recognized as one the most prestigious awards in this category and organized for the 8th time this year with the participation of more than 24.000 companies from 33 countries, in order to support the awareness and excellence in Europe’s business world. In the upcoming stage we are getting ready to represent Turkey by participating at the European Championship.

Brisa receives the Strategical Planning Award at the ISO Innovation Awards Organization

Thanks to its Total Quality Management and visionary strategy Brisa was granted the “Strategical Planning Award” at the Innovation Awards Organization held by the Istanbul Chamber of Industry in order to reward the companies achieving sustainable competitive advantage in various sectors.

Brisa entitled to receive the third place at “InnovaLig” Innovation Resources Award

We were granted the third place award at the Innovation Resources Category of the “InnovaLig” Innovation Awards, held under the initiative of Turkish Exporters Assembly thanks to our innovative approach and institutional entrepreneurship.

“Profleet” Fleet Management Solutions service range offered to fleets in Turkey receives the “Game Changers Turkey” Award

At “Game Changers Turkey” Awards, which was held for the first time in Turkey in 2014 and 10 different categories, our Profleet services became the “Game Changer” winner of the “Relation Changer” category.

“Profleet” web site receives international award

“Profleet.com.tr” microsite was entitled for the Honour Mention Award at the Awwwards, which is one of the world’s most prestigious awards organization. Moreover it succeeded in going into the “World’s Best 365 Web Sites” book.

We were the first company in Turkey and the second one in Europe in receiving the “S7750 Environmental Management Systems Certification”

We were the first company in Turkey and the second in Europe entitled to receive the S7750 Environmental Management Systems Certificate thanks to all our initiatives and continuous improvement approach. ISO14001 Environmental Management Systems Certificate, Istanbul Chamber of Commerce Environment Grand Award, Kocaeli Chamber of Industry Green Chimney Award, and the Kocaeli Chamber of Industry Environment Award are just some of the other accolades, which have given us immense happiness.

Brisa Museum and Brisa Academy buildings receive the LEED GOLD certificate!

Our museum and academy buildings, which have been designed as “Sustainable Green Buildings”, gaining maximum benefit from the day light, generating 20% of its electricity in its own premises and using 100% recycled (grey) water in order to irrigate the garden areas were entitled to receive the LEED Gold Certificate granted to sustainable buildings worldwide!

“The Most Sustainable Project” Award in the Supply Chain goes to Brisa

Brisa received the “The Most Sustainable Project” Award at the First International Supply Chain Istanbul Summit.

Pioneers at the international platform with our Risk Management implementation

Brisa Risk Management Manager Dr. Cumhur Bilgili, received the “Risk Management Professional Of The Year Grand Award” at the Global Risk Awards 2014 organized by the Institute of Risk, regarded as one of the leaders and most prestigious institution in the world in risk management and professional development.

We received the “ERM Strategy of the Year - Highly Commended Award” at the “Risk Management Awards” held by the CIR Magazine on an international level, the 5th of which was held in London this year.

“Supplier Industry Success Award” goes to Brisa

Our company received the “2013 Supplier Industry Success Award” granted by Oyak Renault A.Ş. thanks to our business approach, which places value on our business partners and relations management. Our company also received the “2013 Automotive Industrialists Association Supplier Industry Success Award” as a result of a series of evaluations taking into account quality and delivery reliability, cooperation in technology development and appropriate price positioning, which yielded a sustainable competitive advantage to our company.

Another meaningful award for our “Yola Sağlam Çık” project...

The Turkish Public Health Association, carrying out public health initiative in Turkey, granted an award to our company in the category of Food and Nutrition as a result of Lassa’s “Yola Sağlam Çık (Take Off Strongly)” social responsibility project, which focuses on promoting a healthier lifestyle for long haul drivers. We are proud to offer consultancy services to our country’s long haul drivers who - incidentally work under challenging conditions – regarding healthy lifestyle and traffic safety with our “Yola Sağlam Çık” project.

Brisaspor’s “Lassa Cycling Team” tops up its success in 2014!

In the 2014 season Brisaspor competed in 15 national and 14 international competitions in the Senior Boys, Junior Boys, Star Boys and Ladies categories.

Our sportsmen went on the podium a total of 140 times in order to receive 54 Gold, 52 Silver, 34 Bronze medals.

To date, they participated in the national team 15 times, competing in 6 competitions.



BOARD OF DIRECTORS

The Chairman of the Board and the Board Members have the duties and powers bestowed upon them that are indicated in the relevant Articles of the Turkish Commercial Code and the Articles of Association.

The Board Members are elected within the framework of the provisions contained in the Articles of Association of our Company, pursuant to the Turkish Commercial Code and the relevant legal arrangements. The replacements take place under the resolutions of the Board of Directors, and they are submitted for approval of the General Assembly following Ordinary General Assembly Meeting.

The Board Members serving as of 31.12.2014 are as follows:

BOARD MEMBERS	EXECUTIVE OR NON-EXECUTIVE	APPOINTMENT DATE	TERM OF OFFICE	BOARD OF DIRECTORS AND COMMITTEE DUTIES
Güler Sabancı	Non-Executive	27.04.2012	Until the 2014 Ordinary General Assembly Meeting	Chairman of the Board
Narumi Zaitso*	Non-Executive	28.03.2013	Until the 2014 Ordinary General Assembly Meeting	Vice Chairman of the Board
Mehmet Nurettin Pekarun	Non-Executive	27.04.2012	Until the 2014 Ordinary General Assembly Meeting	Board Member and Member of CGC and RC
Mustafa Bayraktar	Non-Executive	27.04.2012	Until the 2014 Ordinary General Assembly Meeting	Board Member
Barış Oran	Non-Executive	27.04.2012	Until the 2014 Ordinary General Assembly Meeting	Board Member
Mitsuhira Shimazaki	Non-Executive	08.09.2014	Until the 2014 Ordinary General Assembly Meeting	Board Member
Mübin Hakan Bayman	Executive/ General Manager	27.04.2012	Until the 2014 Ordinary General Assembly Meeting	Board Member
Kazuto Sembu	Executive/Executive Coordinator	06.05.2014	Until the 2014 Ordinary General Assembly Meeting	Board Member and CGC and RC Member
Seiichiro Tokunaga	Executive/Technical Groups Director	27.04.2012	Until the 2014 Ordinary General Assembly Meeting	Board Member
Hasan Cihat Erbaşol	Non-executive	27.04.2012	Until the 2014 Ordinary General Assembly Meeting	Independent Board Member and Head of Audit Committee
Hüsnü Paçacıoğlu	Non-executive	27.04.2012	Until the 2014 Ordinary General Assembly Meeting	Independent Board Member and Audit Committee Member, Head of the CGC and RC

*In parallel with changes in responsibilities at Bridgestone Corporation; it has been resolved that Tomoya SANO has been assigned in substitution for Narumi ZAITSU, and that this replacement shall be submitted for approval of the shareholders at the next General Assembly Meeting, in accordance with the Company's Board of Directors resolution dated 19.01.2015 and no 2015/02. Furthermore, under the same resolution of the Board of Directors, it has been resolved that Mitsuhira SHIMAZAKI has been elected as the Vice Chairman of the Board.

Note: Corporate Governance Committee is abbreviated as "CGC", and Early Identification of Risks Committee is abbreviated as "RC".

Replacements that took place at the Board of Directors within the Period

In parallel with changes in responsibilities at Bridgestone Corporation; Kazuto Sembu has been elected to replace Board Member Kunitoshi Takeda in compliance with Article 12 of the Articles of Association, provided that this replacement becomes effective as from 06.05.2014, under the Board of Directors resolution dated 06.05.2014 and no 2014/15. Furthermore, in parallel with changes in responsibilities at Bridgestone Corporation; Mitsuhiro Shimazaki has been elected to replace Board Member Kunitoshi Takeda in compliance with Article 12 of the Articles of Association, provided that this replacement becomes effective as from 08.09.2014, under the Board of Directors resolution dated 08.09.2014 and no 2014/19.

Information on the business transactions carried out with the Company by the Board Members for themselves or on behalf of others, and on their activities included within the scope of noncompetition:

In 2014, the Board Members have not carried out any business transactions with the Company on behalf of for themselves or a third party, and they have not taken any steps to compete with the Company in the same subjects of activity, despite being allowed to do so by the General Assembly in accordance with the Articles 395 and 396 of the Turkish Commercial Code.



Güler Sabancı **Chairman of the Board**

Term of Office: 17.03.1989 – 2014 Ordinary General Assembly Meeting.

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.

Güler Sabancı was the first Chairman of the Board of Turkish Industrialists and Businessmen Association and is the first woman member of the European Round Table of Industrialists since 2007. Sabancı is the first Turkish member of the World Economic Forum International Business Council besides being a member of the board. Güler Sabancı is also a member of the Siemens AG Board, United Nations Global Compact Board and MIT Energy Initiative International Consultancy Board.

Sabancı has been ranked the second in Fortune's 2013 "World's Most Powerful Businesswomen" (excluding the USA) list. Güler Sabancı has been granted many awards some of which can be listed as the David Rockefeller Bridging Leadership Award, Clinton Global Citizenship Award, Raymond Georis Innovative Philanthropist Award and European School of Management and Technology Responsible Leadership Award. Sabancı has also been granted the Honorary PhD title by the Hong Kong Polytechnic University, which is global leader in industry-university cooperation.

Non-Company Positions:

In-Group:

Hacı Ömer Sabancı Holding, Chairman of the Board and Executive Director
Sabancı University Founder, President of the Board of Trustees
Sakıp Sabancı Museum, Chairman of the Board
Hacı Ömer Sabancı foundation, President of the Board of Trustees

Non-Group:

Turkish Industrialists and Businessmen Association Member
European Round Table of Industrialists Member
World Economic Forum International Business Council Member of the Board
Siemens AG Member of the Board
United Nations Global Compact Member of the Board
MIT Energy Initiative International Consultancy Council Member

Narumi Zaitzu **Vice Chairman of the Board**

Term of Office: 28.03.2013 – 2014 Ordinary General Assembly Meeting.

Narumi Zaitzu graduated from Synthetic Chemistry Department of Kumamoto University in 1973 and started working at Bridgestone Corporation within the same year.

He was appointed as the Facility Manager at Kurume Facility in June 2000. In July 2001 he was transferred to Bridgestone Corporation Tosu Facility as the Facility Manager. After working in this position for 3 years he was appointed as the manager of the Tyre Production Technology Coordination Department. In October 2006 Mr. Zaitzu was promoted as Assistant General Manager at the Tyre Production Technology.

In October 2007 he was assigned to a foreign duty as the 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 the Production Technology, Advanced Production Technology Development and Global Logistics Center. In March 2012, he was promoted as a Board Member and became responsible for the Quality Management, Global Logistics Center and Internal Production Management.

Since January 2013, he has been working as Executive Vice President for International Operations. At the same time, he fulfills a duty as Brisa's Vice Chairman of the Board since 28 March 2013 respectively.

Non-Company Positions:

In-Group:

Bridgestone Asia Pacific Pte. Ltd. (BSCAP) Member of the Board, CEO
Bridgestone (China) Investment Co. Ltd. (BSCN) Member of the Board, CEO

Mehmet Nurettin Pekarun **Member of the Board**

Term of Office: 15.10.2010 – 2014 Ordinary General Assembly Meeting

Mehmet Pekarun graduated from Robert College and the Department of Industrial Engineering of Boğaziçi University, and continued his MBA at the Purdue University in Finance and Strategy.

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 followed by Eastern Europe between 1996 and 1999 at General Electric Healthcare-Europe. Between 1999 and 2000, Mr. Pekarun worked as Turkey 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 between 2000 and 2002. He was the General Manager of the Medical Accessories Division in GE-Healthcare- Europe, Eastern Europe and Africa between 2002 and 2005.

After his CEO position at Kordsa Global between 2006 and 2010, he served as the Group President of Sabancı Holding Tyre, Reinforcement Materials and Automotive Group between September 2010 and March 2011.

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

Non-Company Positions:

In-Group:

H.Ö. Sabancı Holding A.Ş. Industry Group President
Kordsa Global A.Ş. Directly Affiliated Partnership /PT Indo Kordsa Tbk (Indonesia) Executive Committee Member
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. Chairman Of the Board
Yünsa Yünlü Sanayi ve Ticaret A.Ş. Chairman of the Board
Temsal Global Sanayi ve Ticaret A.Ş. Chairman of the Board
Temsal Motorlu Araçlar Pazarlama ve Dağıtım A.Ş. Chairman of the Board
Temsal İş Makinaları İmalat Pazarlama ve Satış A.Ş. Chairman of the Board
Sasa Polyester Sanayii A.Ş. Chairman of the Board

Non-Group:

Turkish Industrialists and Businessmen Association Member of Board
Foreign Economic Relations Board Turkey - Japan Business Council Chairman of the Executive Board
Community Volunteers Foundation Chairman of the Board

Mustafa Bayraktar **Member of the Board**

Term of Office: 19.04.2004 – 2014 Ordinary General Assembly Meeting

Mustafa Bayraktar graduated from the University of Alabama 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 H. Bayraktar Yatırım Holding A.Ş

Non-Company Positions:

Non-Group

Baylas Otomotiv A.Ş. Chairman of the Board
Baytur Motorlu Vasıtalar Tic A.Ş. Chairman of the Board
Bayraktar Otomotiv A.Ş. Chairman of the Board
Bayraktar Holding A.Ş. Chairman of the Board
Ege Fren Sanayi ve Ticaret A.Ş. Chairman of the Board
Ege Endüstri ve Ticaret A.Ş. Chairman of the Board
Automotive Distributors Association Chairman of the Board

Mitsuhira Shimazaki **Member of the Board**

Term of Office: 08.09.2014 – 2014 Ordinary General Assembly Meeting

Mitsuhira Shimazaki, completed his undergraduate study at Tokyo University Foreign Studies (German language) Department in 1981 and started working at Bridgestone Corporation in the same year.

He was appointed as the General Manager of Bridgestone Europe in July 2005. In December 2005 he was then appointed as the General Manager of the United States Operation Department in Japan. In February 2006 he became the General Manager of the Europe Operations Department at Bridgestone Corporation. This was followed in July 2007 with the appointment of Director responsible for the United States and Europe Operations Department. After his 5 year long position as the General Director he was appointed as the Board Member Vice Director Responsible for Europe Operations at Bridgestone Europe.

In March 2012 he was appointed as the Vice Chairman of the Board and Director Responsible for Operations at Bridgestone Europe. Upon his return to Japan in July 2014 he was appointed as the Vice Chairman Responsible for International Tyre Operations affiliated to the Senior Vice Chairman.

Since September 2014 he has been the Vice Chairman Responsible for International Tyre Operations in Asia Pacific, China, Middle East, Africa and Russia.

In September 2014 he was appointed as the Brisa Board Member.

Non-Company Operations:

In-Group:

Bridgestone Europe NV/SA (BSEU) Board Member
Bridgestone Asia Pacific Pte. Ltd (BSCAP) Board Member
Bridgestone Americas, Inc. (BSAM) Board Member

**Barış Oran
Board Member**

Term of Office: 30.04.2012 – 2014 Ordinary General Assembly Meeting

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 Price Waterhouse Coopers. 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 respectively.

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.

Non-Company Positions:

In-Group:

TEMSA Global Sanayi ve Ticaret A.Ş. Board Member
Enerjisa Enerji Üretim A.Ş. Board Member
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. Board Member
Enerjisa Doğalgaz Toptan Satış A.Ş. Board Member
Enerjisa Elektrik Dağıtım A.Ş. Board Member
Enerjisa Elektrik Perakende Satış A.Ş. Board Member
Enerjisa Anadolu Yakası Elektrik Perakende Satış A.Ş. Board Member
Enerjisa Toroslar Elektrik Perakende Satış A.Ş. Board Member
Yünsa Yünlü Sanayi ve Ticaret A.Ş. Board Member
H.Ö. Sabancı Holding A.Ş. Head of Planning, Reporting, Finance Department
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. Board Member
Teknosa İç ve Dış Ticaret A.Ş. Board Member
Avivasa Emeklilik ve Hayat A.Ş. Board Member

**Mübin Hakan Bayman
Board Member**

Term of Office: 30.04.2009 – 2014 Ordinary General Assembly Meeting

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 Marsa 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.

Non-Company Position:

In-Group:

Temsa Global Sanayi ve Ticaret A.Ş. Board Member

Non-Group:

LASDER (Tyre Industrialists Association) Board Member
LASİD (Tyre Industrialists and Importers Association) Board Member
SKD (Business World and Sustainable Development Association) Vice Chairman of the Board

**Kazuto Sembu
Board Member**

Term of Office: 06.05.2014 – 2014 Ordinary General Assembly Meeting

Kazuto Sembu started working at Bridgestone Corporation in 1983 after graduating from Osaka University Business Administration Department. He became the General Manager for Aircraft Tyre Sales and Planning Department between 2009-2014. Sembu who has experience in Tyre Sales and Marketing in the OE and Replacement channel worked in Bridgestone Europe (Belgium) and Bridgestone Switzerland Sales Company for eight years. Since May he has been the Brisa Executive Coordinator and a Board Member.

Non-Company Positions: None.

Seiichiro Tokunaga**Board Member**

Term of Office: 20.12.2010 – 2014 Ordinary General Assembly Meeting

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 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.

Non-Company Positions: None.

Hasan Cihat Erbaşol**Independent Member**

Term of Office: 27.04.2012 – 2014 Ordinary General Assembly Meeting

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.

Non-Company Positions: None.

Hüsnü Paçacıoğlu**Independent Member**

Term of Office: 27.04.2012 – 2014 Ordinary General Assembly Meeting

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.

Non-Company Positions:**In-Group:**

Hacı Ömer Sabancı Foundation, Board of Trustees and Executive Committee Vice Chairman
Yünsa Yünlü Sanayi ve Ticaret A.Ş. Board Member
Afyon Çimento Sanayi T.A.Ş. Board Member

Non-Group:

Turkey Foundation for Children with Cerebral Palsy (TSCV), Chairman of the Board/Board of Trustees Member/Financial Enterprises Chairman of the Board
Hisar Educational Foundation Board of Trustees Member



EXECUTIVE BOARD

Mübin Hakan Bayman (4) General Manager

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

Seiichiro Tokunaga (3) Technical Groups Director

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

Bora Çermikli (6) Financial Officer

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.

Non-Company Positions:

Non-Group:

YASED (International Investors Association) Member

Kazuto Sembu (5) Executive Coordinator

Born in 1960 Mr. Sembu graduated from the Osaka University Department of Business Administration. He has been working at Bridgestone Corporation since 1983 and at Brisa since 6 May 2014.

Levent Akpulat (2) Chief Commercial Officer

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.

Non-Company Positions:

Non-Group:

LASİD (Tyre Industrialists and Importers Association) Board Member

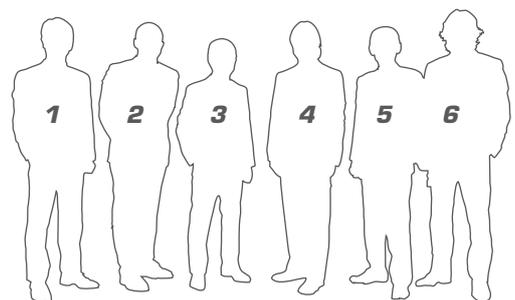
Katsuhisa Kitagawa (1) Financial Assistant

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

Non-Company Position: None

Changes in the Executive Committee During the Term:

No change has been made at the Executive Committee level during the term.



OUR FELLOW PARTNERS AND VALUABLE INVESTORS WHO HAVE ALWAYS BEEN TOGETHER WITH US DURING OUR JOURNEY OF SUCCESS...

We thank our valuable investors who have displayed their confidence in the vision and steps taken by Brisa and encouraged us with their trust and support to embark on new steps ahead.

2.1 Amendments to the Articles of Association within the Period

The Articles 14 and 28 of the Articles of Association have been amended on the basis of the permission obtained from the Republic of Turkey- the Prime Ministry- the Capital Markets Board and the Republic of Turkey-the Ministry of Customs and Trade-the General Directorate of Domestic Trade, and these amendments have been approved at the Ordinary General Assembly Meeting held on 21 March 2014, and they have been registered on 3 April 2014, and published and announced in the Turkish Trade Registry Gazette dated 9 April 2014, No 8546. The new versions of these Articles are as follows:

Attendance Fees And Other Payments For The Board Members:

Article: 14- Under the relevant resolutions of the General Assembly, the Board Members may be paid attendance fees, remunerations and premiums, and bonus payments.

Distribution of Net Profit:

Article: 28- The pure (net) profit, which is indicated in the annual balance sheet and remains after deduction of compulsory levies payable by the Company from the pre-tax profit contained in the Company's financial statements taken as a basis for the profit distribution, shall, after deduction of previous years' losses (if any), be distributed in turn as shown below.

a) First Legal Reserve:

5% (five percent) shall be set aside as the legal reserve until it reaches 20% (twenty percent) of the paid-in capital in accordance with Article 519 of the Turkish Commercial Code.

b) First Dividend:

After deduction of the amount stated in paragraph (a) from the pure (net) profit, first dividend shall be set aside in compliance with the Legislation on Capital Markets.

c) Dividends paid out to holders of Usufruct (preferred) Shares:

After deduction of the amounts stated in the paragraphs (a) and (b) from the pure (net) profit, 5% (five percent) of the pre-tax profit shall be allocated to the shareholders holding usufruct (or preferred) shares.

d) Second Dividend:

After deduction of the amounts stated in the paragraphs (a), (b) and (c) from the pure (net) profit, the General Assembly is authorized to distribute the remaining amount as second dividend partially or entirely or set aside this amount as reserve fund.

e) Second Legal Reserve:

10% (ten percent) of the amount, which is found after deduction of the dividend at the rate of 5% (five percent) of the paid-in capital from the portion decided to be distributed among shareholders and other persons participating in the profit, shall be set aside as second legal reserve in accordance with the subparagraph (c) of paragraph 2 contained in Article 519 of the Turkish Commercial Code.

f) Unless the legal reserves to be retained in accordance with the Turkish Commercial Code are set aside, and unless the first dividend determined for shareholders under the Articles of Association is distributed in cash; no resolution shall be taken for setting aside other reserves, for transfer of the profit to the following year and for distribution of profit shares among shareholders holding usufruct shares, among foundations established for various purposes and among such persons and/or legal entities.

g) Dividends shall be distributed equally among all the shares existing by the distribution date, regardless of their issuance and acquisition dates.

Ground of the Amendments

In line with the purpose of compliance with the Corporate Governance Principles included in the scope of the CMB's Communiqué no II-17.1 on Corporate Governance, the Board Members' privilege in the profit has been revoked.

2.2 Independent Auditor

At the Ordinary General Assembly Meeting dated 21 March 2014, the shareholders have granted approval for appointment of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in order that this firm audits the financial reports pertaining to the 2014 accounting period and carries out other activities included in the scope of the relevant provisions in these Laws, in compliance with the principles determined in accordance with the Turkish Commercial Code No 6102 and the Capital Market Law No 6362. An independent auditing agreement has been signed with DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. on 29 April 2014.

2.3 Changes in the Price of Stock

By 31.12.2014, our Company's stock price was TL 9.80, and it has increased at the rate of 116% compared to the 2013 year-end price.

2.4 Dividend Distribution Policy

In accordance with Article 4 of the Capital Markets Board's Communiqué no "II-19.1" on Dividends, which has entered into force upon publication in the Official Gazette dated 23 January 2014; our Company's Dividend shareholders accordingly.

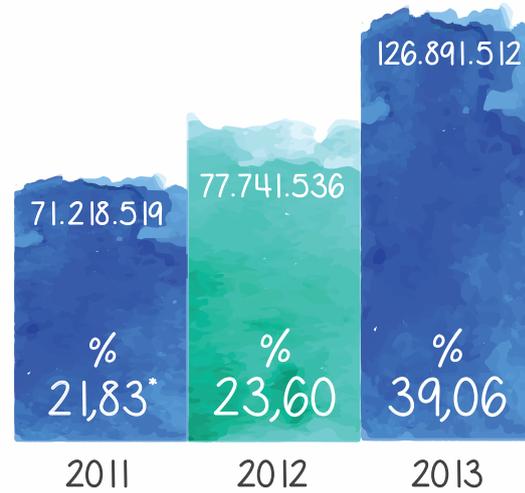
Distribution Policy has been revised, and it has been published through KAP (Public Disclosure Platform) under the Material Event Disclosure on 4 March 2014. Detailed information on the Dividend Distribution Policy, which has been approved at Brisa's Ordinary General Assembly meeting dated 21 March 2014, is furnished under the heading "The Right to Dividend", in paragraph 2.5 of the Corporate Governance Principles Compliance Report.

At the Company's Ordinary General Assembly meeting held on 21 March 2014, it has been resolved that, in compliance with the Dividend Distribution Policy, the dividend at the rate of 39.06% and amounting to TL 119,178,651.38 in total shall, in cash, on gross basis, be distributed among the stock holders representing the capital amounting to TL 305,116,875 and the dividend amounting to TL 7,712,861.11 in total shall, in cash, on gross basis, be distributed among the shareholders holding usufruct shares, and that the dividends shall be paid as from 24.03.2014. The dividend payments have been made to the stock holders and these

2.5 Stocks and Bonds Issued

No stocks and bonds were issued in 2014.

2.6. Gross Dividend Amounts and Rates, Distributed over the Past Three Years



*The gross dividend rate pertaining to the year 2011 has been calculated by taking into consideration the number of shares increased by 12 July 2012.

SECTORIAL DEVELOPMENTS

With the contribution of China and the developing countries in 2014 the tyre market grow.

2014 experienced positive development thanks to the recovery witnessed in the automobile manufacturing figures both around the globe and specific developed markets like the United States and Europe as well as the continuous growth trend in the Asia-Pacific market.

In 2014 the world tyre market grew by 4.5% on a year-on-year basis reaching up to 1.7 billion units. The market has grown by 28% in the last 5 years. In developing countries like China and India the 2014 growth figures were once again higher than the rest of the world similar to the previous years. One of the most important developments in 2014 was the USA announcement to initiate an antidumping policy against the Chinese products, which started to display its implications especially in Europe. The Chinese manufacturers by taking steps in order to reprice their products influenced the sector accordingly. The bottleneck, which was experienced in the European replacement market in recent years enjoyed a 1% growth in 2014 thus displaying an upward trend.

In parallel with these developments Brisa's Lassa branded products international unit sales grew by 15 % on a year-on-year basis, especially as a result of rolling-out new products into the market, implementing strategies regarding higher added value products and reaching out to new markets.

In 2014, the main tyre market shrinkage in Turkey was experienced in the commercial vehicle tyres within the tyre replacement market.

The Turkey automotive manufacturing showed a better performance in 2014 and experienced an increase of 5%. While light and heavy commercial vehicle manufacturing declined due to domestic and export markets developments, the passenger car manufacturing increased by 16% as a result of the European recovery. These manufacturing figures reflected themselves in sales especially through export-based performance, increasing the export figures by 7%. The decrease in the import figures on a year-on-year basis led to a 10% decline in the domestic automotive sales when compared with the previous year.

The Turkish tyre market shrunk by 2% on a year-on-year basis declining to 20.1 million units. Meanwhile the Turkish tyre sector has grown more than 50% in the last 10 years.

In 2014 the unit figure of Turkish original equipment market on the other hand grew by 3% on a year-on-year basis.

Despite the latest developments in the automotive manufacturing Brisa's commercial vehicle original equipment tyre sales grew by 56% on a year-on-year basis.

Turkey witnessed a decline of 2.5% on a year-on-year basis in the replacement sector. All the segments, especially the light commercial vehicle tyres, were the reasons for this decline except the passenger car tyre segment.

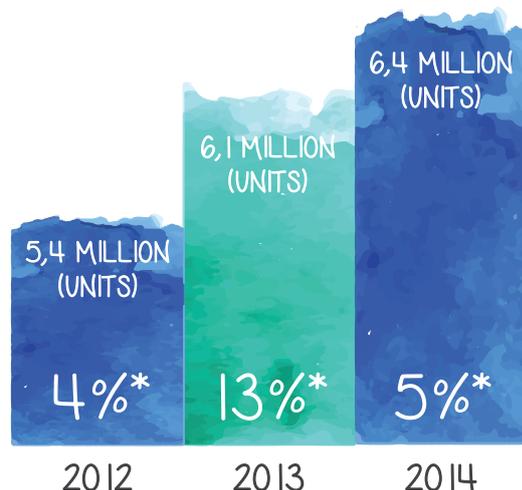
In the same period Brisa showed a good performance at the replacement market.

The tyre retreading market in Turkey, where Brisa is active with its brand name Bandag, faced a 15% shrinkage on a year-on-year basis resulting in a tyre retreading ratio of 25% equivalent to 500 thousand tyre in 2014. 1 Out of every 3 tyres in the market was retreading with Bandag's expertise and guarantee.

When evaluating Brisa's overall sales performance concerning its total sales channels it is observed that the unit sales have increased by 9,6% in 2014 on a year-on-year basis.

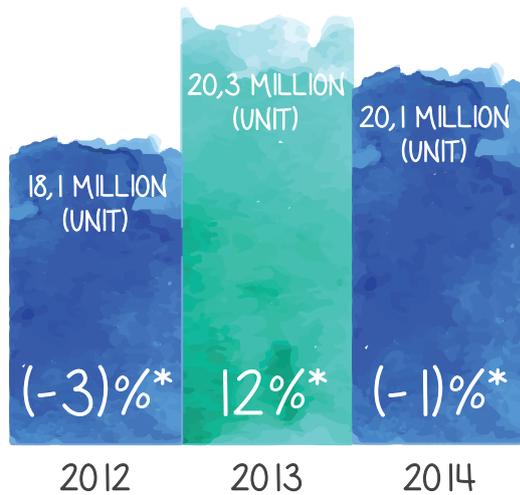
Tyre Sales In Units For Last Three Years and growth ratios compared to previous year.

Brisa Domestic Sales



* Growth rate based on units compared to previous year

Total Unit Sales In Turkey



* Growth Rate Based On Units Compared To Previous Year

The winter tyre usage ratio increased up to 38%. We take the initiative to increase the awareness in the winter tyre usage and take this as a social responsibility.

In 2014 the winter tyre market experienced a slight shrinkage compared to the previous year and realized sales of more than 4 million units.

As per the "Legislation on Measurements and Principles Regarding Vehicle Loading and Weight, Size and Measurement Tolerances" adopted by the Ministry of Transportation, Maritime and Communication in November 2012, passenger and freight transport vehicles in Turkey are obliged to have winter tyres installed each year between the dates 1 December-1 April. Thanks to this legal arrangement we see that the awareness and sensitivity of the vehicle owners is ever increasing in an attempt to ensure their own and other drivers' winter-season driving safety.

We observe that this increasing awareness of the vehicle owners contributes considerably to the winter tyre market. The awareness of winter tyre usage both in heavy commercial vehicles and other non-obliged segments increased highly since the implementation of the winter tyre legislation as of 2012. The winter tyre penetration, which was only 15-18%, increased to 30% in 2012 upon the implementation of the legislation and to 38% in 2014.

Beyond the winter tyre used as an obligation, car owners have an increased awareness not only of associating winter tyre with snow but using it in order to ensure driving safety during the winter season, which are all important developments. We take our community awareness increasing initiatives regarding winter tyres as our social responsibility and design our working content accordingly.

An Outlook on 2014

In 2014 we worked in order to add value to our shareholders in regards to the economy, environment and society. Our wish is to inspire each and everyone whom we touch while innovating the journey...

We start our preparations for our new factory in Aksaray

Turkey is a continuously growing and expanding market and we strongly believe in the development potential of the Turkish tyre market. In order to utilize this potential we have started our preparations in order to initiate the construction of our second factory in Aksaray Organized Industrial Zone in 2018 as an addition to our current factory in Izmit.

“LASID” established

LASID (Tyre Industrialists and Importers Association) was established in order to expand the industry and effectively represent the sector both domestically and internationally. Our General Manager Hakan Bayman became the chairman of the board of LASID.

Brisa and Authority Group convergences the paths of tyre and service with their partnership

We established a partnership with service sector's innovative company “Authority Group”, which crossed the paths of tyre and service and took the initial steps in order to offer Brisa products to our customers at the sales points of “Speedy”, Europe's leader automobile service chain, and “Lastik Vs”, which has a wide network and is a well-known brand name within the sector.

Dayton rolled-out into the market

We rolled-out the Dayton branded tyres, manufactured at the Europe factory of our main partner, the Bridgestone Corporation, and sold in different corners of the world as our third brand in addition to Lassa and Bridgestone.

Castrol mineral oil offered at our sales points

In line with our business enrichment strategies we made an agreement with the world's leading mineral oil brand Castrol and started offering their product range to vehicle owners at the tyre sales points.

Our superior success in Strategical Management receives the “Hall of Fame” award!

Our “Strategy House” project, which was executed in an attempt to enable our employees to better understand our corporate mission, vision and targets and be in tune with them accordingly received the “Balanced Scorecard Hall of Fame for Executing Strategy” award granted by the Dr. Robert S. Kaplan and David P. Norton, Palladium Palladium Group and recognized as the “Strategy Management Oscar” by the international business circles.

Brisa is wherever the customers are with “Bridgestone Box”!

Our company, which leads the way for different practices with its innovative solutions and services, started implementing the mobile sales channel concept “Bridgestone Box” in Izmir/Cesme for vehicle owners who need tyre products and services at different points. Bridgestone Box provides drivers “a full scale service whenever and wherever needed” including tyre sales, dismantling-installing, balance adjustment, nitrogene filling, battery and oil change, air conditioner gas filling, which are the most needed ones while on a journey. With Bridgestone Box we offer a fast and sustainable tyre sales and service channel model at points where such services are needed, thus increasing customer satisfaction.

Otopratik's first store opened in Ankara with its brand new concept

We retailored our Otopratik store concept, providing products and key maintenance services required by the passenger and light commercial vehicles throughout their life cycle, in line with customer experiences. To this end we opened our first store in Ankara with the “Excellent Customer Experience” concept.



We add value to our customers with Profleet Fleet Management Solutions

Thanks to our Profleet Fleet Management Solutions package we accessed to 1.400 fleet customers and more than 400.000 tyres in 65.000 vehicles through our 110 Profleet consultants. We achieved an average saving of 5% in fuel expenses and 15% in tyre usage life cycle amounting to a total of 400 million TL.

With our mobile trailer truck maintenance service Mobilfix offered within the scope of our service package, we provided periodical maintenance service to 16 fleets, 30 service operations, and approximately 1200 vehicles in Istanbul in 2014. As a result of our services we achieved a saving of 3% in fuel and 10% in tyre life cycle amounting to 10.000 TL per vehicle and a total of 11.1 million TL per annum.

Our tyre road service call center Filofix, which is the first and only call center in Europe giving service support in Turkish, received and provided services to 600 calls in 2014 15% of, which were from Europe.

Brisa continues its 25 year long tradition with "Sustainable Change Conference" and brings together the leading companies of Turkey and the globe.

Our conference, organized as the "Improvement Conference" in previous years and, which has become a traditional sharing platform in the field of business excellency and quality, was named as the "Sustainable Change Conference" in its 25th year in 2014 with the theme "The Future of the Journey". At this conference Bertrand Piccard who is the first traveller around the world in a balloon and the inventor of the world's first long haul aircraft, Solar Impulse, operating on solar energy delivered an inspiring speech about his target of travelling around the world without fossil fuel in 2015.

Brisa "Sustainable Steps Towards Tomorrow's World" Business Partners Meeting

We underlined the latest technological, economical social and environmental developments, the sustainability understanding of Brisa, its transformation from being an industrial company to that of an innovation one and our vision in pioneering sustainable innovation and change together with the participation of our business partners and employees.

Innovation journey with Brisa

We realized our Brisa Innovation Portal, which concentrates not only on collecting ideas but also the idea generation processes based on idea development exercises, trends, risks and certain departmental needs and problems. Our employees received their innovation awards at the competition organized on a corporate level. We gave training on Innovation and Corporate Entrepreneurship to a trainees group including the employees of the Sabancı Holding Industry Group and the students of the Boğaziçi and Marmara universities. In addition, we were one of the sponsors of the Turkey Innovation Week and conducted an innovation workshop with the participation of many university and high school students from Turkey. Last but not least we hosted the inventor of the Flying Automobile "Aeromobil" in Istanbul for the Marketing Summit.

The international journey of our Lassa brand strengthens

In 2014 we entered a total of 19 markets with our Lassa brand and increased our geographical expansion. The share of the sales in these new markets within the overall sales was 6%. We dig deep into current markets with our Lassa brand and increased the number of the Lassa Tyres signboarded stores up to 122 in line with our strategy of entering new markets. We strengthened our brand publicity through means of communication campaigns targeting the end user.

Bridgestone announces becoming the "Official Olympic Partner" of the Olympic Games

Bridgestone brand announced becoming the "Official Olympic Partner" in the Olympic Games starting off with Brazil, Korea, Japan and the United States in 2016 and in the rest of the world in 2017.

Bridgestone plays the "Ultra High"!

Bridgestone's Ultra High Performance (UHP) tyres tailored for top segment vehicles offer excellent road traction and limit pushing performance for drivers who expect to enjoy both a balanced and safe driving as well as a comfortable and sportive one. We promise a safe performance to drivers with our brand new tyres in this segment, namely Turanza TOO1, Potenza S001 and Potenza S007 for Ferrari F12 Berlinetta model.

“Safety Tyre Bridgestone” works for safe driving

In order to ensure that vehicle owners continue their journey safely and increase their awareness regarding tyre tread depth and air pressure we carried out tyre tread depth and air pressure measurements together with our Bridgestone brand at IDO quays (Sirkeci, Yenikapı, Pendik, Yalova) and the Susurluk-Söke road, which is a route frequently used by holiday makers.

Lassa on the roads to ensure their heavy commercial vehicle drivers and farmers “Take Off Strongly”

Within the scope of Lassa’s “Set Off Safely On Your Journey” social responsibility project, which we have been executing since 2011, we have given information on various topics to the heavy vehicle and long-haul drivers covering health diet and physical exercise together with our team of experts in order for them to take off safely and healthily on the roads. In 2014 we provided healthy diet and lifestyle consultancy to 2.281 commercial vehicle drivers in 28 cities and at 37 points amounting to a total of approximately 12.000 long-haul drivers in 161 points since the project kick-off.

Within the scope of our project, which we conducted with our brand Lassa in order to inform farmers about correct agriculturing and ensure them a safe travel in traffic journey we accessed a total of 8.500 farmers in 2013 and assembled reflectors on 2.450 tractor trailers while giving a total of 170 hours agricultural training to 7.500 farmers in 13 cities and 140 villages together with agricultural engineers and assembling 4.010 reflectors. During our training sessions we shared information about agricultural efficiency practices and agricultural economy.

“Lassa Strongest Defence” Awards find their owners

Within the scope of the “LASSA Strongest Defence Awards”, which have been organized for the last 3 years an event was held with the cooperation of Turkey Sports Writers Association, Lig TV and Digiturk in order to select the footballers who have been voted as the “Strongest Defence” of the 2013-14 season.

This year’s award was granted to Milan’s defence player, Franco Baresi.

Talking about the “Future of Journey” with the Automotive Distributors Association members

Global futurist Rohit Talwar, pointed out as one of the top-ten futurists of the future by the Independent, delivered a presentation on the “Future of Journey” to the members of the Automotive Distributors Association General Assembly. Talwar underlined the fundamental elements, which create a difference, the impact of the new technology on human and business life and the impact of the changing social needs on the service sector innovation.

We publicly share our 2013 Sustainability Report in GRI A+ level

We cooperate with WWF-Turkey for our “Let the Cranes Fly Forever” project

We are aware of the negative consequences of the climate change on biodiversity and the ecosystem. In order to ensure the continuity of the crane breed we kick started the “Let the Cranes Fly Forever” project together with the cooperation of WWF-Turkey (World Wide Fund for Nature) back in 2013 and carried out a crane observation event in Çukurova Yumurtalık Lagoon together with the readers of Atlas Magazine and Doğan-Burda magazine group as well as the domestic members of the press in order to increase awareness regarding our project. We visited the site with the Brisa employees, had a chance to observe them, came together with the students of the region to give them information about the crane species and finally prepared our own crane origamies to make our wishes.

8 Safety Rules at Work

In line with our “Occupational Safety First” approach we started using our visual communication materials at our Izmit facility prepared with the theme of “8 Safety Rules at Work” in order for our employees to respect the key occupational safety rules and bear them continuously in mind within their working environment.

We achieved 1.990 non-accident days at 4 departments and 1.260 non-accident days at 2 departments affiliated both to the Engineering Directorate, 1.685 non-accident days at all departments affiliated to Brisa Technology Directorate, 360 non-accident days at the Tyre Manufacturing 2 and 1.310 non-accident days at the stock preparation 1 department affiliated to the Manufacturing Directorate.

Trainings at full speed with Brisa Academy

In 2014 we held 24 training programs giving training to 1.964 store employees of our 173 business partners, 229 Brisa employees and 1.399 international business partners, automotive sector & public employees amounting to a trainee figure of 3.592.

Brisaspor's "Lassa Cycling Team" fulfills yet another successful year

Brisaspor's Lassa Bicycle Team established within our understanding of ensuring social sustainability and supporting sport achieved many successes at the national and international events, which they have participated in throughout the year.

MANUFACTURING AND PRODUCTS

In 2014 we operated at a high capacity utilization ratio reaching to 10 million units manufacturing.

Our company, which is Europe's 7th largest tyre manufacturer, carries out its manufacturing activities at our Izmit factory established on a 361.000 m² closed area. The facility, which is among the most important bases of the Bridgestone Corporation's global manufacturing infrastructure has important competitive superiorities within the sector thanks to its manufacturing planning flexibility, provision of products meeting the needs of the market and the customers and the capability to manufacture import products at a local level.

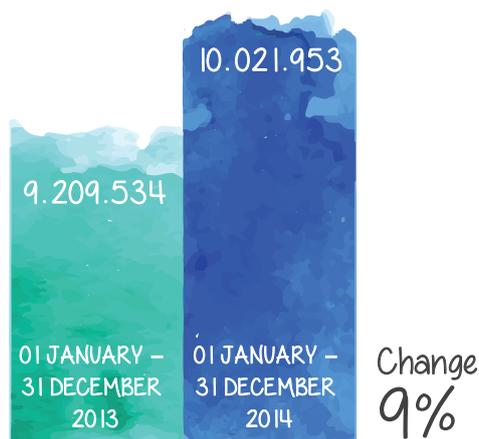
Our Brand New Products and Growing Portfolio

We manufacture a variety of 1.800 tyres under the name of Bridgestone and Lassa brands for automobiles, light commercial vehicles, buses, trucks, and agriculture and construction equipment and in line with the international standards regarding safety and quality criteria. Besides our manufacturing operations we import the Firestone branded agricultural tyres, Dayton branded passenger car tyres and Bridgestone branded motorcycle tyres.

Moreover, we provide tyre retreading services with our Bandag brand.

We aim at providing a well-balanced product portfolio to vehicle owners by offering them the criteria of performance, environment and safety with our Bridgestone branded products as well as economy, comfortability and sturdiness with our Lassa branded products, which are all designed with our "Balanced Performance" concept.

Production Amount



The innovations, which we have offered to the market in 2014

are namely:

- Lassa Snowways 3; new generation winter tyre
- Lassa Phenoma Y speed class tyre; The first "Y Speed Class" tyre offered to the Turkish market
- Lassa Greenways; environmental tyre
- Lassa Energia 510 series & 100S
- LS Excavator
- Bridgestone R Series & H series

DOMESTIC DISTRIBUTION AND CHANNEL MANAGEMENT

In 2014 we became even stronger in our sales and service network; our Turkey-wide branded sales points number approximated to 1200; the number of Otopratik stores around the country reached 37.

Through our sales and service network we aim at establishing expert and reliable points easily accessible by vehicle owners and offer the most effective sales and after sales service organization within the sector.

Our target is to develop and expand our sales network together with the business partners who share the same business culture, which we have. We focus on each one of the retail, wholesale and fleet distribution channels in order to make our business processes more effective.

Besides our Bridgestone, Lassa and Lastiğim signboarded sales points we provide easy, quality, economical and fast vehicle maintenance services to our passengers and light commercial vehicle owners approximately within only 2 hours at our Otopratik stores. However with each passing day we add new Otopratik stores besides our current ones, which are 37 in number.

At our Propratik stores where we provide sales and services to heavy commercial vehicle owners we offer Bridgestone and Lassa branded products within the bus-truck segment, Bandag tyre retreading, and basic vehicle and tyre maintenance services all under one roof.

In 2014 we started offering our products at Speedy and Lastik Vs points thanks to our co-operation with Authority Group, which was a major step for us in order to increase our accessibility in the market.

Besides conducting national and international campaigns so as to increase the preferability and customer traffic of your sales points we run CRM activities on a regular basis. We give weight to "Customer Relations Management and Guarantee Practices" trainings in order to increase the competence of our business partners.

At our Model Store established in order to develop the retail experience that we demonstrate to our business partners and ensure the excellency of customer satisfaction we transfer our knowledge to our business partners, learn together with them thus effectively managing the overall business enrichment process.

Besides placing great importance to enriching the products and services offered at our sales points we execute a reliable training and audit system so as to ensure a non-compromise approach concerning our standards.

Otopratik's brand new concept of "excellent customer experience" offered at Ankara

We have redesigned our Otopratik store concept in order to offer "excellent customer experience". The new concept of Otopratik changes the tyre purchase experience with its industrial external appearance design inspired by the soft form of the tyre, interior design offering convenience that satisfy customer expectations, product range, which meet alternative needs as well as its sales and service processes. We have started implementing a system, which is easily comprehended by our customers enabling them to select their own tyres. We included an area in our store design where our customers can easily view the vehicle maintenance and repair process and enjoy something to drink while spending time in order to overcome the issues of waiting and vehicle follow-up. This waiting area includes information dashboards, vehicle service numbers and graphic applications like floor markings, which update the customers about the ongoing service process.

- Our new Otopratik stores: Elaziğ, Tokat, Canakkale, Istanbul Esenler and Seyrantepe
- Propratik: 2nd store opened in Mersin
- Bridgestone Service Center; our new store opened in Hendek, current store in Esenler renewed.
- Bridgestone Box: Innovation awarded mobile sales point

DOMESTIC MARKETING AND SALES OPERATIONS

We take great care in reflecting our "customer focus" and "innovation" approaches from amongst our values while shaping our Marketing and Sales activities.

We take great care in reflecting our "customer focus" and "innovation" approaches from amongst our values to our outreach to the end users and our stakeholders. Along with this focus, we aim to maintain our leadership in Turkey's market and we endeavour both to improve customer satisfaction further by offering services that satisfy the expectations and needs of our customers and to bring our customers and our partners together with experiences encompassed by our brands. With a view to closely monitoring the impact of these projects on the target audience and to measure our performance, we hold regular meetings with customers at the stores operated by our business partners.

Along with the investment we extend to our business partners and customers, we also improve our competitiveness through the power of our brands. For Bridgestone and Lassa, two names perceived to be the most sincere brands in Turkey, we are carrying out communication campaigns focusing on end users with a view to both improving their recognition and reinforcing their images.

We also communicate the social responsibility messages of our brands quite strongly to the target audiences.

Innovation is one of the lifelines of our business... Constantly seeking one better, we place innovation at the heart of all endeavours and generate innovative approaches for the perfect customer experience. We do everything in our power to create a difference with innovative services and solutions as a first in various sectors by reaching out to our customers and business partners and nurturing ourselves with their needs and opinions.

The "customer focus" is among our essential values and resides at the centre of our long-term plans and strategies. In the name of perfecting the customer experience, we apply the "Customer Contact Points Methodology" and remain both in constant communication with and also provide continuous information to every customer until the end of the tyre's physical life. We directly experience the cycle of customer expectation, shopping and satisfaction through our model stores operating in Istanbul and Ankara.

The feedback, opinions and suggestions we receive at these points where we make close contact with our customers inspire us towards new innovations. As a company focusing on service and process innovation rather than the product, we reflect this understanding to the services we offer to our customers.

We shared our vision with our Business Partners

- Business partners meeting entitled "To the Future World with Sustainable Steps"
 - Meeting entitled "Together as One" with our "Lastiğim" business partners
 - Meeting entitled "The Best United" with our Profleet consultants
 - Meeting entitled "We Unite Forces" with our Lastik Vs and Speedy business partners
- Through the aforementioned meetings, we shared our vision with our business partners.

We promoted Bridgestone, Lassa and Bandag brands at the International Natural Stones and Technologies Fair.



LASSA, the most sincere brand of Turkey

- Our "Sağlamsa Lassa" radio spots, prepared with Mor ve Ötesi, Kibariye, Mazhar Alanson, Ümit Besen and Kıraç as featured artists, have been aired on national radio stations.
- As for viral projects, we reached more than 6 million hits with "Don Duran" and almost 8 million hits with "Sağlam Yatıcan" by Shez Long.
- "Lassa Strongest Defence" Awards were presented to their holders on a spectacular gala night at the end of a marathon of 675 games.
- Lassa Competus Discovery Convoy set off on its course with a group of 40 participants including Brisa business partners and Brisa employees and explored the most virgin localities on the Caucasus Mountains in Georgia along with the theme of "Travelling beyond Mount Kaf".
- Lassa V1 Challenge maintained its promotional activities throughout the year.

**WORLD'S THE MOST VALUABLE
BRIDGESTONE**

*Brand Finance has chosen
Bridgestone "The most valuable tyre brand in the world".
We are happy to announce this great news to
all our supporters who has chosen us for their families' safety.*

BRIDGESTONE
Safety Tyres



bridgestone.com.tr
tesnik.com.tr



BRIDGESTONE, the most valuable tyre brand of the world

- Emre Altuğ became the new face of Bridgestone Safety Tyre.
- A series of promotional activities were undertaken for Chill Out Fest.
- At FIS Snowboard World Cup, we, as Brisa winter tyres were promoted on our own snow ramp and a "tread depth measurement event" was held at the car park.
- We published "Bridgestone Songs for the Road" on Spotify, one of the largest online music platforms of the world.

INTERNATIONAL MARKETING AND SALES ACTIVITIES

With more than 120 stores abroad, new sales channels and effective marketing activities, Lassa continues to grow with giant strides taken along its international journey...

We aim to be an arbiter that adds value to business partners and end users in the international arena in addition to being a sector leader. To this end, we are making the right headway in international markets with increasing Lassa-labelled sales points, efforts on improving brand awareness and loyalty of our business partners.

Lassa-branded tyres made in Turkey owing to the elbow grease of Brisa employees are now available in more than 60 countries. We have improved our geographical outreach by entering 19 markets in total with our Lassa brand in 2014. Most recently, we have introduced our products to vehicle owners in the markets of Kosovo, Latvia, Estonia, Macedonia, Taiwan and Mauritania. The ratio of the new markets to the whole sales volume was recorded as 6%.

Countries where Lassa products are available to vehicle users:

Afghanistan	Finland	Congo	Pakistan
Germany	France	Korea	Poland
Albania	Georgia	Kosovo	Portugal
Australia	Croatia	Latvia	Romania
Austria	The Netherlands	Libya	Russia
Azerbaijan	Iraq	Lithuania	Serbia
Belgium	Israel	Lebanon	Sierra Leone
Belarus	Italy	Macedonia	Singapore
Bosnia and Herzegovina	England	Malaysia	Syria
Bulgaria	Iran	Malta	Chilli
Cape Verde	Spain	Egypt	Tunisia
Algeria	Sweden	Moldova	Turkmenistan
China	Switzerland	Mauritania	Uganda
Denmark	Iceland	Nigeria	Ukraine
Equator	Kazakhstan	Norway	Uruguay
Morocco	Kyrgyzstan	Uzbekistan	Jordan
Ivory Coast	TRNC	Pakistan	Venezuela
			Greece



Within the framework of our strategy of deepening its involvement in existing markets and entering new markets with Lassa, Lassa-labelled stores play an important role in the improvement of the brand's visibility and awareness. The stores not only constitute a significant part of our vision of enriching our business and providing added value to our customers, but also signify the trust extended by the sector to our brand and the faith of the former to undertake its activities under the brand in question. The sales quantity points that requested to maintain their sales and services under the Lassa sign reached 122 in 2014. We opened our first Lassa-labelled sales and service points in Georgia, Egypt, Hong Kong and Kosovo and our 8th store in Ukraine.

We also endeavour to realise the potential embedded in new sales channels with high added value, which we attach as much importance to as our labelled stores. The alternative sales channels, which we have utilised until now with a view to bringing together our Lassa-branded products with customers included fleets in Serbia and Austria; automotive centres in Austria; express service points and supermarkets in France and Romania; specialised tyre sales and service points in Austria and Belgium; and tenders in Jordan, Lebanon and Iraq.

Being the leading brand of Turkey is not enough. Our advances allow us to keep growing abroad at full steam.

We maintained international awareness efforts for the Lassa brand at a fast pace in 2014.

For the 6th time we attended the International Geneva Motor Show with our Lassa Brand; incidentally, this show is one of the most comprehensive automotive fairs in the world.

In addition, taking part in the 28th International REIFEN Tyres and Tyre Products Fair held in Essen, Germany, we seized an important opportunity to get together with more than 20.000 visitors and sector representatives.

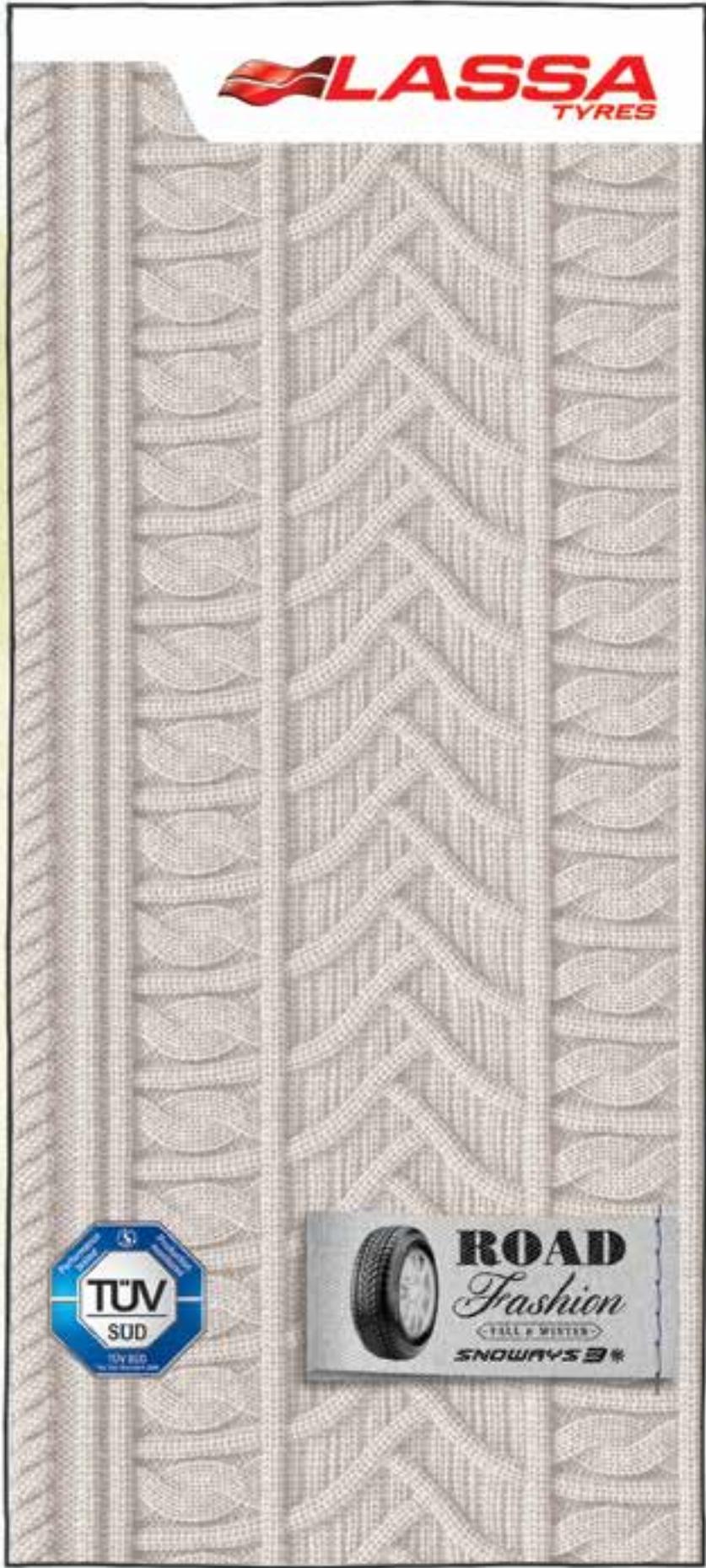
At the fairs, we displayed our summer and winter tyres in car, 4x4, light commercial vehicle segments for the preference of our visitors. At the Lassa stand, this year's favourites were the two new patterns "Greenways" and "Snoways 3", both approved by the independent German test establishment, TÜV SÜD.

While undertaking outdoor applications and media-communication efforts in Italy and Germany, we gathered end users and motorsports-lovers together with our brand through the Lassa Drift Team, a contender in the Drift Championship in the UK.

We exhibited our advertising during English, Italian, Spanish and German football games broadcast both domestically and abroad. As a sign of our faith in German football and the German market, we signed a sponsorship contract with Hamburger SV, one of the rooted clubs of German Bundesliga, for the second half of the 2013/2014 season.

We received a "Bronze Apple" at the Crystal Apple Awards, one of the most important events for advertising and communication in Turkey, with our press release that had been prepared for our international promotional activities in such a manner as to combine the patterns on winter clothes with tyre tracks in order to feature the winter season and the sense of need in a single shot.





LASSA
TYRES



INVESTMENTS AND R&D ACTIVITIES

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, our Management Board decided at its Board Meeting dated 04.10.2013 and numbered 2013/18, to invest in the second factory that would cost around 300 million USD and be located in Aksaray Provincial Organized Industrial Zone. We aim to establish the factory initially on 12.000 m² out of a total area of 950.000 m² and commission the plant in 2018. The relevant construction works were already initiated in 2014. Within this scope, a Control Office was established in Aksaray and the project, design, planning and ground study stages for the new factory have been completed, whereas the soil improvement efforts are on-going.

Our company' application for our new factory to Investment Encouragement Document to Turkish Republic Ministry of Economy Encouragement Application was approved and Investment Encouragement Document was acquired, dated on 13.02.2014, numbered 113798. The commencing 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 LARGE-SCALE INVESTMENT are as follows:

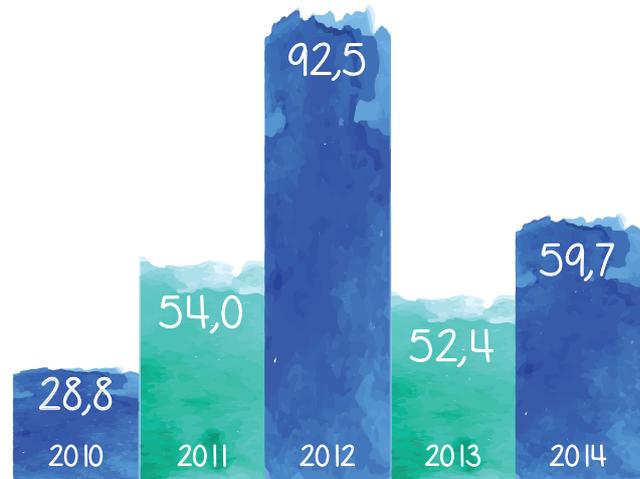
- 1- Customs Duty Exemption,
- 2- VAT Exemption,
- 3- Tax Rebate of 90%. Investment Contribution Rate of 60%,
- 4- 10 years of insurance Premium Employer Share Reinforcement

As we are running our activities with our mission to provide superior values to society through sustainable growth, we implemented 78.9 million USD worth of investment including the factory modernization and efforts to increase the capacity and other investments made for other departments in 2014.

In the twelve-month period of 2014, 59.7 million USD was extended in investments for the renovation, modernisation and capacity increase of the factory in Izmit with 46.9 million USD out of this amount addressed within the scope of the Encouragement Document. In line with the general philosophy of ensuring constant improvement and sustained competitiveness for the Izmit factory, our investments are on-going for the improvement of occupational safety, quality, efficiency and information systems.

Furthermore, the spare parts warehouse was renovated and put into service in its new building in 2014.

5.9 million USD in total was spent in investments with respect to the second factory to be established in Aksaray Provincial Organized Industrial Zone. In addition, the investments extended for the Aksaray factory until now amount to 8.4 million USD.



FACTORY INVESTMENTS (MILLION USD)

Our company, which has important competitive superiority on R&D, has a product testing centre that is well accepted by the Turkish Standards Institute.

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

FINANCIAL RESULTS AND RATIOS

In 2014 Brisa sustained its superior financial performance, which it had gained for the last five years. The company has increased its domestic turnover by 11% despite the decelerated economy and the challenging domestic market conditions while increasing its exports by 6% in USD despite the slowdown and even shrinkage in the European export market in the second half of the year and the political crisis experienced in other markets. Its export turnover in TL has increased by 24%.

Brisa's overall turnover increased by 14% and its EBITDA margin by 2,1 points resulting in a 26% EBITDA growth thanks to the expansion of the profitable channels and products within its overall portfolio, effective cost management, efficiency in manufacturing processes and financial hedging against the forex risks. The Company's turnover grew as a result of the major improvements in the operational capital management and accessibility to low-interest rate financial resources and its profit before tax figure grew nearly by 40% as a result of the constant interest rate expenses despite the investment amount.

Operation and Profitability Ratios

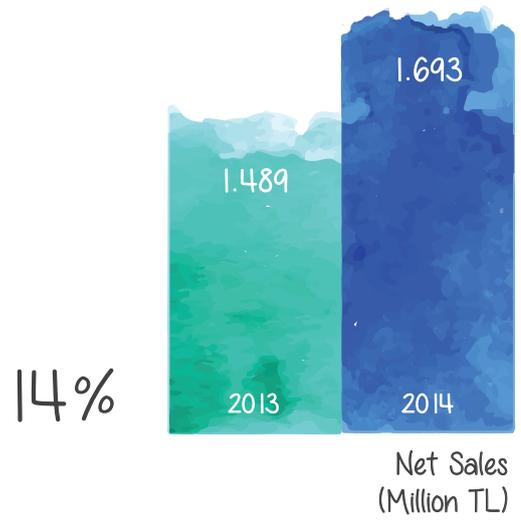
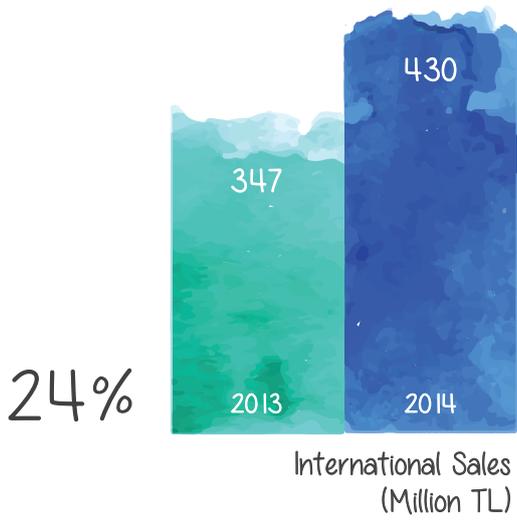
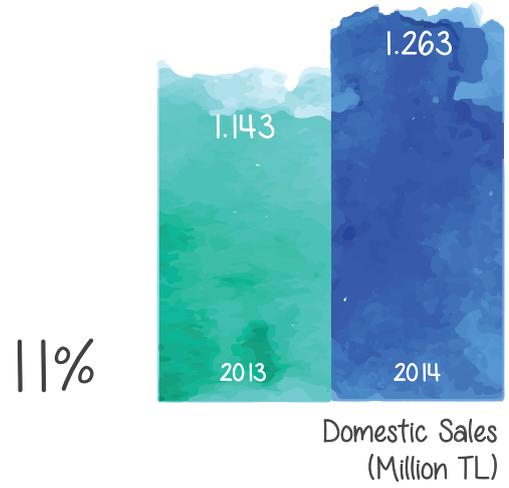
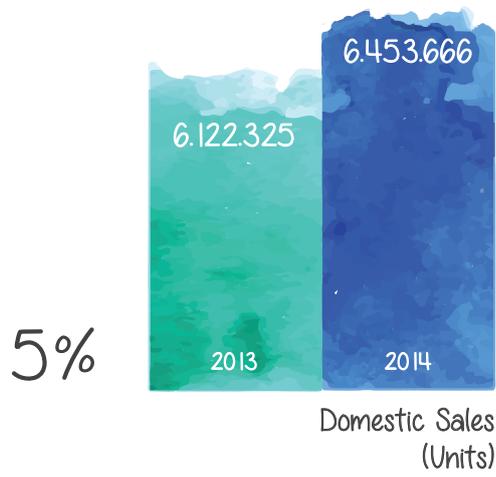
	31 December 2014	31 December 2013
Gross Profit Margin (Gross Profit/Net Sales)	28,78%	26,26%
EBITDA Margin (EBITDA/Net Sales)	21,15%	19,04%
Net Profit Margin (Net Profit/Net Sales)	11,00%	9,69%
Return on Asset (Net Profit/Assets)	12,41%	10,85%
Return on Equity (Net Profit/Equity)	34,67%	28,54%

Liquidity Ratios

	31 December 2014	31 December 2014
Current Ratio (Current Assets/ Current Liabilities)	1,92	1,80
Acid-Test Ratio (Current Assets-Stocks/ Current Liabilities)	1,30	1,20

Financial Growth Ratios

	31 December 2014	31 December 2014
Total Liabilities/Equity	1,70	1,47
Total Liabilities/Total Assets	0,63	0,60
Equity/Total Assets	0,37	0,40



Number of Sales

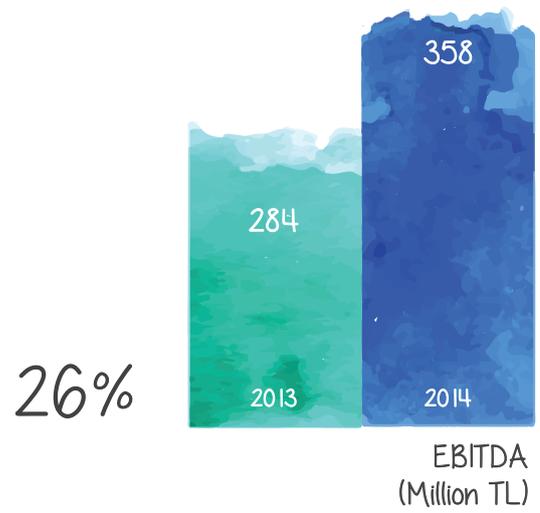
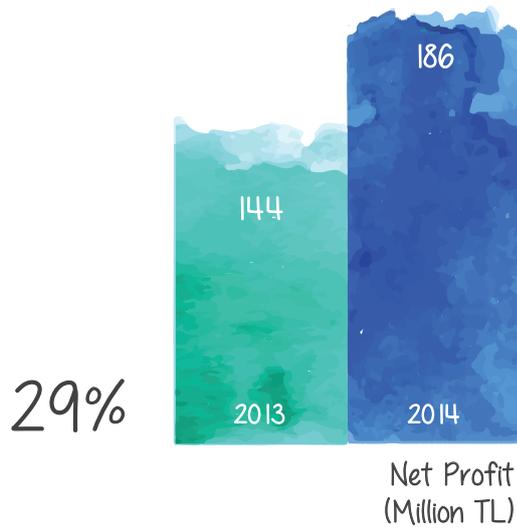
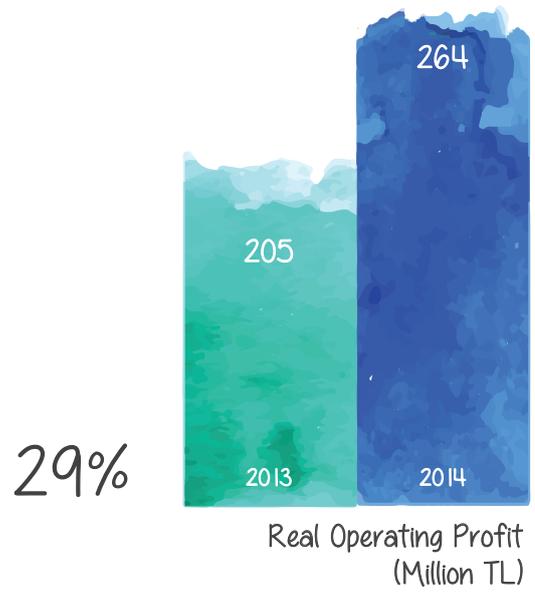
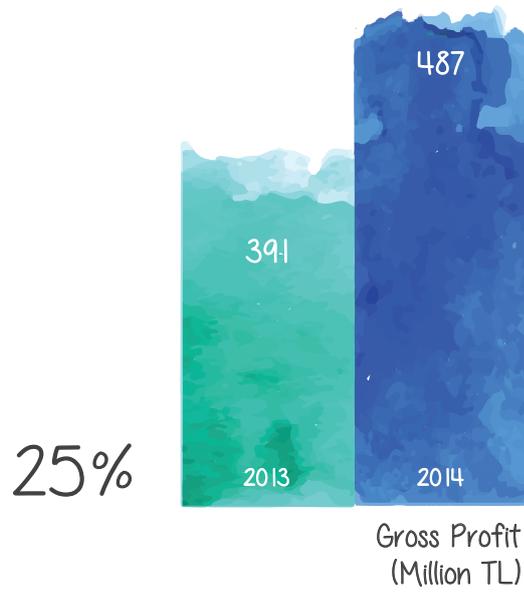
	01 January-31 December 2014	01 January-31 December 2013	Change %
Domestic	6.453.666	6.122.325	5%
International	3.982.495	3.403.433	17%
Total	10.436.161	9.525.758	10%

(Million US Dollar)

	01 January-31 December 2014	01 January-31 December 2013	Change %
Gross Export			
International Sales	209	198	6%

(Million TL)

	Current Period 01 January-31 December 2014	Restated Prior Period 01 January-31 December 2013	Change %
Domestic Sales	1.263	1.143	11%
International Sales	430	347	24%
Net Sales	1.693	1.489	14%



(Million TL)			
Summary Income Statement	01 January- 31 December 2014	01 January- 31 December 2013	Change %
Net Sales	1.693	1.489	14%
Gross Profit	487	391	25%
Operating Profit	264	205	29%
Net Profit	186	144	29%
EBITDA*	358	284	26%

*EBITDA: Earnings Before Interest and Depreciation and Tax

INTERNAL AUDIT AND INTERNAL CONTROL

Internal audits and internal controls are carried out in order to execute company operations and services in an effective, reliable and uninterrupted manner, improve company's risk management, control systems and corporate management, contribute to achieving corporate and financial targets, and ensure the integrity, consistency, reliability and on-time delivery of the information obtained from company's accounting and financial reporting system.

The existence, functionality and effectiveness of the internal audit and controls is ensured by the Audit Committee formed within the Board of Directors. The Audit Committee submits its activities together with its detections and recommendations to the Chairman of the Board regarding its area of position and responsibilities.

Moreover the Internal Audit Directorate affiliated to the Board of Directors carries out operations in order for the internal audit and internal control mechanisms to function effectively. The Audit Committee conducts regular meetings with the Internal Audit Department in an attempt to discuss the adequacy of the internal control systems.

An Internal Audit Department Regulation has been approved and put into effect explaining the position and independence of the Internal Audit Department within the organization. In addition an Audit Guide has been prepared and implemented specifying the work responsibility and operation process of the Audit Department.

Each year all risks related to processes shall be revised in order to specify the processes to be audited. An Organizational Audit Universe has been designed in order to specify the processes to be audited; balance risk skors have been specified regarding the natural risk factors and the status of the internal control systems. In this respect 11 business processes have been audited in 2014 and their reports have been submitted to the Internal Audit Committee.

All 3 members of the Internal Audit Committee have become the members of the Turkey Internal Audit Institution in order to expand their internal audit knowledge and experience. The Committee holds 1 CRMA certificate.

The actions taken by the Company executives against internal control gaps specified within the Internal Audit Report have been followed-up, their efficacy on the risk levels have been monitored, the adequacy of the actions taken have been questioned and the overall evaluation outcomes have been presented to the Internal Audit Committee.

Other Informations

Information on the Direct and Indirect Affiliates and their Share Rates

Our Company has no direct or indirect affiliate.

Information on Company Acquired Shares

Within the 01.01.2014-31.12.2014 accounting period, there is no "own" share acquired by our Company.

Information on Private and Public Audits

Independent audits are carried out on our Company's yearly and half-yearly financial statements within the framework of the mandatory arrangements issued by the Capital Markets Board in relation to financial reporting and independent audits.

Information on the Cases that have been filed against the Company and may have an impact on the Company's financial situation and activities, and on their Potential Consequences

There is no case that has been filed against our Company and may have an impact on our Company's financial situation and activities.

Information on Administrative or Judicial Sanctions Imposed on the Company and the Board Members due to Practices in violation of Legislative Provisions

There is no administrative or judicial sanction imposed on the Company and the Board Members.

Information on General Assemblies

Information on the General Assemblies held in 2014 is provided in Article 2.3 of the Corporate Governance Principles Compliance Report.

The targets set in the previous periods have been achieved. The requirements of the resolutions, which have been taken at our Company's Ordinary General Assembly Meeting held on 21 March 2014, have been fulfilled.

No Extraordinary General Assembly Meeting has been held within the year.

Donations Granted

In 2014, the total amount of the donations granted in line with the Company's Donation and Charity Policy is TL 301,744.

Information on the Report Describing the Relationships with the Controlling Shareholders and Subsidiaries within the scope of Article 199 of the Turkish Commercial Code

The report describing our relationships with our controlling shareholders within the scope of Article 199 of the Turkish Commercial Code has been approved by our Company's Board of Directors at the Board of Directors' meeting dated 26.02.2014. The concluding part of the report is as follows:

Based upon Article 199 of the Turkish Commercial Code No 6102, which has entered into force on 01 July 2012; the price determination method and the conditions of the transactions for buying-selling of the goods that require continuity and are common, which are carried out by BRISA Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. in relation to Hacı Ömer Sabancı Holding A.Ş., Bridgestone Corporation, their subsidiaries and associated entities, have been described along with their justifications, and information has been submitted on the situation of the transactions against the background of the market conditions. The transactions, which have been carried out are in compliance with their precedents and in line with the holding company statements according to the relevant Articles of the Turkish Commercial Code No 6102, and there is no loss that it has suffered due to being included in the enterprise systems. In this report dated 23 February 2014, which has been prepared by the Board of Directors of BRISA Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.; it is seen that, in all transactions carried out by BRISA Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. with its controlling shareholders and the subsidiaries of the controlling shareholders in 2014, all required precautions have been taken and all required legal transactions have been performed within the scope of the responsibilities assigned to the Board of Directors and specified in Article 199 of the Turkish Commercial Code.

Financial Rights Provided to the Board Members and the Senior Management

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

Remunerations and dividends to be paid to the Board Members are determined under the relevant resolutions of the General Assembly.

Remunerations of the members of the Executive Board are comprised of two components, with one being fixed and the other, performance-based.

In compliance with the international standards and statutory obligations, the fixed remunerations for the members of the Executive Board are determined by taking into consideration the macroeconomic data in the market, the current wage policies in the market, the size and long-term goals of the Company, and individual positions as well.

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

In addition, the financial rights provided to the Board Members and the Senior Management is mentioned in Article 5.6 of the Corporate Governance Principles Compliance Report and in Footnote 24 of the Financial Statements.

SUSTAINABILITY

We are designing the best rides for a sustainable future.

We feel the rightful pride of being one of the leading organisations en route to sustainable development goals by engaging all of our stakeholders and notably, our employees, customers and business partners in our journey to sustainability.

We continue our journey on the basis of our mission "to provide superior values to the society through sustainable growth" and through developing sustainability strategies, planning actions and securing integration in all of our processes along with the contributions of our whole body of personnel.

We formulate the Brisa Approach to Sustainability by relying on the global knowledge of Bridgestone Corporation and the national experiences of Sabancı Holding.

We base our efforts on such international standards as EFQM or GRI by combining the CSR-22 approach of Bridgestone and the sustainability understanding of Sabancı Holding with our own corporate policies, strategies, processes and projects. We are planning improvements focusing on strengthening the in-house integration of our sustainability approach.

Building upon the pleasure of expressly achieving our sustainability objectives, we set ambitious goals and put forth intensive efforts to realise pioneering projects.



ENVIRONMENTAL SUSTAINABILITY

With a high level of awareness on the rapidly increasing world population, limited natural resources and increasingly more pronounced effects of climate change, we act strictly in line with our goals of minimising our environmental footprint.

We undertake significant efforts with a view to minimising the impact of our manufacturing processes on natural resources, biodiversity and climate change in accordance with our understanding of environmental sustainability. Setting off from this point and acting with a high level of responsibility, we monitor our environmental performance periodically and undertake improvements in parallel with environmental management systems.

In 2014, we submitted our report titled “Climate Change: Risks and Opportunities” to our Executive Board, with a view to undertaking actions aimed at identifying the possible strategic steps.

Relying on the support of our top management, we are generating new projects for a better world, complying with environmental regulations in full and carrying out improvements that go well beyond legal mandates.

We have designed and started implementing a training program on our “Sustainability Journey” for the induction of our new recruits. A high level of participation was achieved among our employees on the “Sustainability Day” marked with various presentations and videos. With such efforts, we have aimed to raise awareness among all of our employees on the economic, environmental and social aspects of sustainability.

Brisa employees contribute to environmental protection with office projects

In cooperation with WWF Turkey, we initiated the “Green Office” program in our offices in 2014 with the aim of creating a difference in office practices and raising awareness among the personnel from the perspective of energy saving, conscious use of natural resources and relevant lifestyle changes. We endeavour both to raise awareness among employees and to minimise the use of consumables like paper and plastics.

Through waste sorting, e-documentation, minimised use of paper, reductions in the use of water and electricity consumption and in-house use of electrical vehicles, we are integrating the Green Office Culture into our processes. The power we need for the realisation of these goals is sourced through the full participation and commitment extended by our employees and top management for these processes.

Environmental Practices

Efficient Use of Natural Resources and Waste Minimisation

We take due care in utilising raw materials free from pollution and health-related risks by taking into consideration the environmental impact of the use and consumption of products already at the early stage of design.

We have formulated long-term business plans in line with our environmental approach for the efficient use of the water resources that are foreseen to be subject to limited reserves in the coming years. By 2020, we aim to reduce our water consumption to 61% of that in 2008. In 2014, we consumed 430.495 tons of water, which signifies a reduction of 53% when compared to that in 2008.

We aim to ensure continuous improvement in waste management and to minimise the amount of hazardous waste by keeping potential sources of pollution in the manufacturing process under constant control. Our primary objective in these activities is the prevention of waste generation at the source. Then, we extend efforts to ensure the re-use, recovery or recycling of the generated waste in processes. Waste with high pollution potential including manufacturing dust or gas is kept in treatment systems with a view to protecting air quality. As a result of these actions, we have realised an 18% decrease in the amount of hazardous waste when compared to that in 2010. The amount of stored household waste per ton of manufacturing was reduced by 36% in 2014 when compared to that in 2010 through the composting of organic waste that constitutes a part of non-hazardous waste.

Energy and Carbon Management

The efficient use of energy or the elimination of wasted or inefficient energy represents one of the cornerstones of our way of doing business. We have attained significant achievements by reason of the systematic improvements we have undertaken to ensure efficiency in energy consumption.

In 2014, we completed the LEED certification process for our Brisa Academy building and received our Gold certificate accordingly. 12% of the energy required for the building, designed in a green construction concept, is provided through solar panels.

We have been maintaining our efforts to reduce carbon dioxide emissions since 2005. Thus we aim to reduce carbon dioxide emissions per rubber manufacturing unit by 25% of that in 2005 by 2020 and in 2014, the emissions were reduced by 12.5% of that in 2005.

With a view to reducing the emissions arising from our logistic operations, we give priority in our shipments to maritime transport, an environmentally less invasive means of transport, and undertake smart route planning.

In addition, we, as Brisa, took part in the third PMR (Partnership for Market Readiness) third regional meeting held through the cooperation between the World Bank and the Ministry of Environment and Urbanisation to provide for preparatory efforts for the markets and where the Turkish industry will take its place with respect to the development and maturing of Regional Carbon Markets.

Environmentally Friendly Products

We endeavour to ensure that our products and services are "environmentally friendly" by taking into consideration the environmental impact of our products in and after use. We are working on new product concepts with lower rolling resistance, lower noise emissions and lower weight respectively. One of the most important steps we have taken in line with our understanding of generating more environmentally friendly products is represented by the Ecopia series of environmentally friendly tyres.

Moreover, we diversified our portfolio of green products in 2014 with our first environmentally friendly passenger car product in the general use segment, Greenways, developed as a combination of durability, fuel saving and long-lasting performance with the Lassa brand.

We also contribute to the protection of the environment by minimising commercial tyre waste through the tyre coating services we offer with the Bandag brand.

Furthermore, we support the collection and recycling of waste tyres as a member of LASDER (Tyre Industrialists' Association).

We keep a close eye on our strategy "to expand the portfolio of environmentally friendly products" through the indicators of "weighted average rolling resistance of products on sale" and "share of environmentally friendly products in the general portfolio".

We had the compliance of our activities with standards certified with BS7750 Environmental Management System for the first time in 1995. We constantly renew and maintain our benchmarking, evaluation, improvement and training practices in line with our ISO 14001:2004 Environmental Management System certificate.

Respect to Biodiversity

Having been initiated in cooperation with World Wildlife Foundation (WWF) Turkey in 2013, the project entitled "Let the Cranes Fly Forever" is on-going with relevant activities. We undertake actions aimed at ensuring the continuation of the crane population in Anatolia on the Çukurova Delta, which is home to 95 percent of domestically overwintering cranes.



LABOR HEALTH AND SAFETY

Occupational Health and Safety is an indispensable part of everything we do and has fundamental priority in all of our activities. As Brisa, we comply with not only the relevant legislation, but also the applicable international standards with a view to creating a healthy and safe working environment for the employees at our facilities.

Within the scope of Occupational Health and Safety, a cornerstone in our corporate values and our most important priority, our facilities have been certificated under OHSAS 18001:2007 Occupational Health and Safety. Moreover, in all of our activities, we endeavour to do even more by complying with the relevant legislation and standards regarding Occupational Health and Safety.

Within the scope of the Bridgestone Safety Mission Statement, we undertake efforts to prevent occupational accidents through awareness-raising activities, systematic approaches and engineering approaches at Brisa.

We believe in the immense importance of Occupational Safety training to enable employees to gain safe behavioural habits and to transform these into a lifestyle. We utilise the Occupational Safety Simulation Centre as an active training ground to ensure "Zero Occupational Accident" at our facilities. In total, we have provided occupational safety orientation to approximately 800 employees. Thus we have reached 55% of our employees and we aim to complete the orientation procedure for all of our employees in 2015. We have the compulsory rule for new recruits at manufacturing sites to receive these trainings. With a view to planning and implementing the training sessions in a more effective manner, we provide Disaster Prevention (Fire and Earthquake), Occupational Health and Safety trainings to our employees within the scope of the activities of BRISA-MEC (Manufacturing Education Centre). We are also putting into operation "Basic Occupational Safety Activities".

We keep the issues of accident management for such stakeholders as subcontractors and providers constantly on our agenda. We analyse every occupational accident and prepare action plans for every finding identified therein in order to prevent the recurrence of any occupational accident.

We prioritise practical exercises and preventive actions with the aim of being continuously active in emergency prevention and emergency management.

Our ultimate goal is to create an on-going Occupational Safety culture and turn it into a lifestyle.

We Target "0 Accident"!

4 departments have completed their 1990th day and 2 departments their 1260th day without any occupational accidents in line with the working principles of "Let's Comply with Occupational Safety Rules for our Families" and "Think Before You Work" in the groups affiliated with the Engineering Directorate.

All departments affiliated with Brisa Technology Directorate have completed their 1685th day without any occupational accidents.

Tyre Manufacturing 2 department and Stock Preparation 1 department under the Manufacturing Directorate still accident-free after 360 days and 1310 days, respectively.



HUMAN RESOURCES

Administrative Operations

In line with our main strategy of becoming a workplace of preference, we continue to add value to the working life. We leave a trade for the future by supporting the Brisa journey of our employees through development and leadership programs.

Personnel and Worker Activities

As of 31.12.2014, the number of personnel employed at our company with contracts of indefinite duration is 2431. In this total number, 1893 employees are subject to the provisions of the Collective Labour Contract, while 531 employees are outside its scope. 7 employees are foreign nationals.

Implementation of the Collective Labour Contract

The 18th Collective Labour Contract negotiations covering 01.01.2014 – 31.12.2015, began on 17.01.2014, and the contract between the Company and the Petroleum, Chemical and Rubber Industry Workers' Union of Turkey (Lastik-İş) was signed on 03.03.2014.

Benefits and Rights of Employees

In addition to salaries paid to employees working within and beyond of the scope of the Collective Labour Contract, Brisa Collective Labour Contract Personnel also receive benefits amounting to four months gross salary, Personal Retirement Insurance and health insurance, 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.

Commendation Ceremony for Seniority

410 employees from various departments who had completed their 5th, 10th, 20th, 25th and 30th years in service received their awards in a ceremony attended by the members of our top management, President of Lastik-İş Union, Mr. Abdullah Karacan, other members of the union management, business representatives of the union and a large number of our employees.

Women's Employment Award from İŞKUR

Owing to its successful actions in women's employment, our company was awarded a plaque and words of appreciation by the Municipality of Izmit and İŞKUR.

We shared our vision with more than 400 employees at the Annual Exchange Meeting held with the theme of "Designing the Future".

Brisa Executive Board shared its 2013 deliberations and functional visions and 2014 objectives with the employees.

Brisa "Family Day"

We held the eight leg of the Traditional Brisa Family Day at Lastik-İş Social Facilities. Attended by a total number of 6000 participants including Brisa employees and their relatives, the Traditional Brisa Family Day allowed the corporate management to get to know the employees better. Brisa employees and their families spent hours of fun with a day-long series of activities.

It's all about making a quarter-century wish come true

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

SOCIAL SUSTAINABILITY

In the field of social sustainability, we, as Brisa, had undertaken numerous valuable projects from the past to the present.

With an accumulation of a quarter century, we, as a manufacturer and also a company, have fitted a large number of social contribution projects into this period of time. We specifically undertake the highest priority of contributing to road safety as an area that matches our products. In addition, we prioritise our ability to outreach all walks of the society outside the scope of the areas pertaining to our manufacturing and products and to add value to various fields extending from education to culture and from sports to exchange of knowledge.

We realise projects in different segments to provide contributions to Traffic Safety and Safe Driving Consciousness.

We are among the pioneering companies in the industry to append a signature onto the "Traffic Responsibility Action Declaration". We endeavour to raise traffic safety and safe driving consciousness along with the project entitled "Bridgestone safety tyre - tread depth and air pressure measurement and information" implemented for drivers of cars and light commercial vehicles and the "Lassa Yola Sağlam Çık (Take Off Strongly)" project undertaken for heavy commercial vehicles and farmers. Within the scope of the "Tyre Safety for a Safe Journey" project, expert personnel measure tread depths and undertake awareness-raising activities for drivers at Otopratik sales and servicing points.

Contributions to Education and Culture

We support students in their educational endeavours through the income generated from virtual trainings offered at Brisa Academy and the fund we have established with the Brisa Members' Educational Support Association.

Brisa Members' Educational Support Association

Brisa Members Educational Support Association (BMÖDD) was established 20 years ago to support young students in their education and is maintaining its activities with the voluntary participation of our employees. Our association has supported more than 300 students with scholarships until now and extended support to 80 students in the 2013-2014 academic year. Today, it gives us great pride to see a total number of 200 students having trained in their occupations and providing contributions to the society.

Brisa Museum

With the main theme of "Journey", Brisa Museum tells the story of Lassa/Brisa's transformation from an industrial company into an innovation company that offers the full package of products and services. We sincerely hope our museum will inspire our visitors.

Contributions to Sports

We offer contributions to the dissemination of sports through our Lassa bike team under the auspices of our sports club, our pride and joy, Brisaspor.

Equal Opportunity

"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 "we" consciousness in a sustainable way". We are carrying on "Brisa Kartopu Volunteers" practices with support of the "Private Sector Volunteers Association" (ÖSGD) by attending the 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 ÖSGD.

Exchange of accumulation

We bring together the professionals in the industry and create an efficient platform for the exchange of experience through Brisa Sustainable Change Conferences.

Members of Brisa management take part in the conferences as speakers and embrace the exchange of experience and accumulation as a part of the corporate culture.



Brisaspor Team

Number of Athletes 7
Average Age 22



Attended Categories and Races

9 International Races

39 start

7 National Road Races

56 start

9 Mountain Bike Races

45 start

Countries and Cities

- Senior Men
- Junior Men
- Star Men
- Master Men
- Senior Women

140 Total Races in 5 Categories



11 Countries visited for training
Brisaspor's Homebase is in Brazil
140 cities visited during



14 Different Cities:
London, Bristol, Wigan, Ankara, Lima, Barcelona, Rotterdam, Doha, Dubai, Cairo, Moscow, Adelaide, Toronto, Kuwait



Brisaspor's Successes



won 118 medals



Brisaspor's Training Performance

310 DAYS Trained 98% of the year.



Distance Covered in Races and Trainings

Brisaspor A Team covered 30,000 kilometers. This distance is equivalent to 18 Cabotia flights.



Calories Burned

Daily Calories Burned in Trainings

1000 - 4000 kcal
4 - 16 Hamburgers

Average Calories Burned per Day
2000 kcal
4 - Medium Pizzas

Average Calories Burned per Month
45,000 - 52,000 kcal
100 - Pizzas of French Type



Number of Changed Tyres

150 Road Bikes
42 Mountain Bikes

A total of 192 tyres were used and sustainably recycled.



CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

PART I – STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

As one of the pioneer and leader companies in the Turkish industry, Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (it is hereinafter referred to as “Brisa” or “Company”), which is aware of its responsibilities that it upholds to its stakeholders, adopts as a principle to comply with the Corporate Governance Principles issued by the Capital Markets Board and the four principles of corporate governance based on transparency, fairness, responsibility and accountability and to make provisions where circumstances require amendments thereof. In the 1 January – 31 December 2014 accounting period, in line with this principle adopted by the Company, Brisa has applied and accommodated “the Capital Markets Board Corporate Governance Principles” set out in the CORPORATE GOVERNANCE COMMUNIQUÉ No II-17.1 (“the Communiqué”), which has been issued by the Capital Markets Board (“CMB”) and has entered into force upon publication in the Official Gazette dated 3 January 2014 and No 28871.

Brisa has prepared its 2014 “Corporate Governance Principles Compliance Report” in compliance with the new format indicated in Board Bulletin dated 27.01.2014 and No 2014/2, issued by the Capital Markets Board.

Brisa:

has taken the required steps in line with the Corporate Governance Principles; and with its decisiveness in respect of compliance with the Corporate Governance Principles as well as all activities carried out by the Company up to the present, Brisa has demonstrated that it is aware of its responsibilities to all of its shareholders and stakeholders;

aims to develop further the compliance with the Corporate Governance Principles, together with its executives at the top management and all of its employees who are aware of the fact that the adoption of the Corporate Governance Principles within the body of the Company will provide remarkable contributions to the said Company;

has, over the year 2014, exercised due diligence in compliance with the mandatory/non-mandatory arrangements set out in the Corporate Governance Principles, and has, in details, submitted these matters for information of the shareholders and stakeholders on www.kap.gov.tr and on www.brisa.com.tr, which is the Company’s web site.

In this regard;

- The 2013 General Assembly information document has been prepared in detail, and has been published on the Company’s web site in advance of three weeks to the General Assembly meeting date, and thereby, it has been submitted for information of the shareholders and stakeholders.
- The amendments to Articles 14 and 28 of the Articles of Association have been approved at the 2013 Shareholders Ordinary General Assembly meeting held on 21 March 2014.
- Our Company’s “Profit/Dividend Distribution Policy” has been amended in line with the Communiqué on Dividends (II-19.1) issued by the Capital Markets Board and thereupon, it has been submitted for approval of the shareholders at the 2013 General Assembly meeting. In addition it has been submitted for information of the shareholders through the Public Disclosure Platform and the Company’s web site.
- Under the provisions of Article 10 contained in the Communiqué and Article 5 of CMB’s Communiqué Serial: IV, No: 41 on “the Principles to be Observed by Corporations being Subject to the Capital Market Law”; the concluding part of the report, which has been prepared in relation to the transactions that exceed the thresholds envisaged between the Company and its associated parties, has been submitted for information of the shareholders through the Public Disclosure Platform and the Company’s web site.
- In accordance with Article 19 of the Capital Market Law No 6362; the limit of the donation amount that would be granted by the Company in 2014 has been determined as 5% (five percent) of the net profit, and this matter has been submitted for approval of the General Assembly and has been approved by the General Assembly accordingly.
- Our Company’s current Vice General Manager-Finance, Bora Çermikli, who is eligible with regard to the criteria determined within the scope of the Communiqué, as required by the Communiqué, has been elected as the Member of the Corporate Governance Committee, and the number of the members of the Corporate Governance Committee has been increased to 4 (four).

- It has been resolved that the Investor Relations Department-related tasks, which are stipulated in Article 11 of the Communiqué, shall, under the management of our Company's Vice General Manager-Finance, Bora Çermikli, be fulfilled by our Company's current Investor Relations Director İpek Rakunt, the holder of the Capital Markets Board Advance Level License (License Number: 203047).
- Our Company's current Corporate Governance Committee's Internal Regulations have been revised in compliance with the criteria determined within the scope of the Communiqué.
- The contact information regarding the persons responsible for the Investor Relations Department has been disclosed to the public through a Material Event Disclosure on www.kap.gov.tr; and has, on the same day, been submitted for information of the shareholders and stakeholders on the Company's corporate web site www.brisa.com.tr.
- The current Information Sharing Policy has been revised.
- As required by Article 1.3.10 of the Corporate Governance Principles published as attached to the Communiqué, a "Donation and Charity Policy" has been prepared, and it has been disclosed to the public on 25 December 2014 through a Material Event Disclosure on www.kap.gov.tr; and has, on the same day, been submitted for information of the shareholders and stakeholders on the Company's corporate web site www.brisa.com.tr. This policy will be submitted for approval of the shareholders at the 2014 Ordinary General Assembly meeting.
- The Company has simultaneously submitted the requisite information to all of its investors and analysts on time and in a secure, consistent and regular manner. Moreover, the Company has organized investor meetings, and sought to reach more investors through press releases and media interviews in order to establish systematic and thorough communications.

Brisa believes in the importance of full compliance with the Corporate Governance Principles, and complies with all the mandatory principles contained in the Corporate Governance Communiqué No II-17.1. While full compliance with non-mandatory Corporate Governance Principles is targeted, it has not been yet achieved due to the reasons such as difficulties experienced in implementation, the ongoing debates, both domestically and internationally, related to compliance with certain principles, and compatibility issues with the market and the Company's current structure. These principles and the justifications for the non-implementation of these principles are summarized below:

- As regards the recommendation "Existence of an additional provision in relation to minority rights and granting the shareholders the right to request for special audits in the Articles of Association"; since the Company is of the opinion that the current provisions contained in the Turkish Commercial Code in relation to appointment of special auditor and minority rights are sufficient in this regard, these rights have not additionally been regulated by the Articles of Association.
- Despite the fact that there is no Company policy concerning the recommendation "for the rate of woman members at the Board of Directors, a target time and a target rate, provided that it is not less than 25%, will be determined, and a policy will be prepared in order to achieve these targets", which is contained in Article 4.3.9 of the Communiqué; attention is paid to this matter, and Güler Sabancı presides over Brisa's Board of Directors.
- Besides this, the "Nomination Committee" and "Earnings Committee" obligations, which are contained in Article 4.5.1 of the Communiqué, are assumed by "the Corporate Governance Committee". Furthermore, although attention is paid to comply with the recommendation "a Board Member will not take part in more than one committee" as mentioned in Article 4.5.5 of the Communiqué; some of the Board Members take part in more than one committee due to the committee structuring requirements, the number of Board Members and because of the business expertise required by the committee membership.
- In accordance with Article 4.6.5 of the Corporate Governance Principles, the remunerations and all other benefits provided to the Board Members and the Senior Management are disclosed to the public by means of annual activity reports. However, such disclosures are not released on a personal basis.
- A model or a mechanism has not been created for participation of stakeholders in the management. However, considering the independent members taking part at the Board of Directors, it becomes possible for stakeholders to be represented in the management, as well as the Company and the shareholders.
- Brisa is sensitive to its social responsibilities, and complies with the ethical rules as well as the arrangements in relation to environment, consumers and public health. The Company supports and respects for the human rights available on an international level. Brissa has accommodated Article 3.5.2 of the Corporate Governance Principles, however, has not prepared an Anti-Bribery and Anti-Corruption Policy. In 2015, our Company will prepare such an Anti-Bribery and Anti-Corruption Policy and will announce this policy to all stakeholders through Brisa's web site, www.brisa.com.tr.

The principles, which have not yet been implemented and remain outside of the principles that are currently being implemented, have not caused a conflict of interest among the stakeholders up to the present. Relevant developments are monitored, and we continue our efforts toward compliance.

Over the coming period, the required studies will be continued for compliance with the principles, by taking into consideration the practices as well as the developments in the legislation.

PART II - SHAREHOLDERS

2.1 Investor Relations Department

Within the body of our Company, the Investor Relations Department performs studies and activities in order to carry out relations with the current and potential shareholders regularly, facilitate the protection and exercise of the shareholding rights, enhance the recognizability of our Company in the capital markets and ensure the required compliance with the Legislation on Capital Markets.

Within the body of Brisa, the Investor Relations Department carries out activities as being administratively affiliated to the Chief Finance Officer, Bora Çermikli who is also a Member of the Corporate Governance Committee. The coordination of the Department is conducted by the Budget and Finance Director Reşat Oruç. The Corporate Governance Committee Reporter İpek Rakunt, the holder of the Capital Markets Board Advance Level License (License Number: 203047), also serves as the Manager of the Investor Relations Department. In addition, at the Department, Cemal Aydemir is actively engaged as a Member.

The contact information of the officials serving at the Investor Relations Department is submitted below:

Contact Persons			
Name Surname	Title	Phone Number	E-mail
Bora Çermikli	Vice General Manager-Finance	0262 316 56 02	b.cermikli@brisa.com.tr
Reşat Oruç	Budget and Finance Manager	0262 316 57 00	r.oruc@brisa.com.tr
İpek Rakunt	Investor Relations Manager	0262 316 56 06	i.rakunt@brisa.com.tr
Cemal Aydemir	Investor Relations Specialist	0212 385 84 67	c.aydemir@brisa.com.tr

The Investor Relations Department carries out activities with respect to the exercise of shareholding rights, submits reports to the Board of Directors and ensures the communications between the Board of Directors and shareholders. The activities carried out primarily by the Department within the period are as follows:

- It has been ensured that the records relevant to the correspondences exchanged between investors and the Company and the records of other information and documents are kept properly, securely and up-to-date, and the transactions within the Central Registration Institution have been coordinated;
- The Company-related information requests, which have been received by the Department in the period, have not been disclosed to the public; and they have been replied to clearly and explicitly on face-to-face basis or by communication means in line with the Company's Information Sharing Policy, with the exclusion of confidential information and information of a trade secret nature;
- It has been ensured that, in the period, the Ordinary General Assembly meeting was held in compliance with the applicable legislation, the Articles of Association and other internal regulations and arrangements;
- Applications and implementations, which would facilitate the participation of the shareholders in the General Assembly and enhance the communications during the meeting, have been developed; and the documents, which would be used by shareholders at the General Assembly meetings, have been prepared; the web site has continuously been updated, and thereby, it has been ensured that the shareholders uninterruptedly obtain precise information about the Company;
- In addition to the disclosures released as required by the legislation, the coordination of the communications with the public has been ensured by observing and monitoring the fulfillment of the obligations arising out of the Legislation on Capital Markets, including all kinds of matters concerning corporate governance and public disclosure; moreover, interviews have been held with investors and analysts, and the conferences and roadshows organized by intermediary institutions have been well attended.

Written and verbal information requests, which have been received from shareholders, institutional investors and the analysts of investment institutions within the period, have been replied to within the framework of the Legislation on Capital Markets, without any discrimination and in such a way that would not cause any information inequalities. Within this framework, in 2014, 50 telephone conversations have been made, 50 e-mails have been sent, and 10 shareholders have visited the Company headquarters and received information in person.

The activities, which have been carried out in 2014 in order to furnish investors with detailed information about the Company's activities, are summarized in the table below:

The number of conferences, meetings	53
The number of investors and analysts with whom meetings have been held	213
Number of analysts meetings held	40

The report on Investor Relations activities, which is required to be prepared as per Article 11 of the Communiqué, has been submitted to the Board of Directors on 24 February 2015.

In 2014, 28 Material Event Disclosures have been released by the Company through KAP (Public Disclosure Platform) in accordance with arrangements issued by CMB. These disclosures have been released in a timely manner, and no sanctions have been imposed by CMB or BIST.

Finally, the "Corporate Intermedium Contract Regarding Central Registration System" was signed by and between Ak Yatırım Menkul Değerler A.Ş and the Company on 10 February 2009 in order to fulfill the issuer operations under the Central Registration Institution, and within this scope, concerning the services to be provided to the Company shareholders. The effectiveness of this Contract has survived also in 2014.

2.2 The Exercise by Shareholders of Their Right to Obtain Information

According to our Company's Information Sharing Policy, it is a principle that all shareholders, potential investors and analysts are treated equally with regard to the exercise of the right to obtain information and review, and that disclosures are, in the same content, communicated to everyone. All information sharing is realized within the scope of previously disclosed information to the public. All kinds of matters concerning the public disclosure obligation are presented in compliance with the legislation and the Articles of Association. Within this scope, material event disclosures, which are of importance for investors, are released to the public through KAP (Public Disclosure Platform) and are published on the Company's web site, all in a timely manner and in compliance with the legislation.

In 2014, written and mostly verbal information requests have been transmitted by shareholders via telephone, e-mails and during face-to-face conversations. These information requests were particularly relevant to the General Assembly meetings held within previous activity period, as well as the capital increase and profit share/dividend payments in the previous years and the Company's investments. These requests have been replied to meticulously by the Investor Relations Department within the framework of the legislation and without any delays. For this purpose, the information that would be of concern to shareholders has been disclosed on the web site (www.brisa.com.tr) within the mandatory notification timeframes.

The Company's annual activity report is published on its web site. In addition, interim financial statements, material event disclosures and the announcements made to shareholders as from 2005 are submitted for information of shareholders on the web site.

In 2014, there has been no information and disclosures published on the Company's web site, which could affect the exercise by shareholders of their shareholding rights.

In the Articles of Association, appointment of a special auditor is not regulated as a right. In accordance with Article 438 of the Turkish Commercial Code, since this right is provided for each shareholder, for joint stock companies; it has not been deemed necessary to insert an additional provision into the Articles of Association, in this regard. In the period, no request has been received in respect of appointment of a special auditor for the Company.

The Company's activities are regularly and periodically audited by the Independent Auditor appointed by the General Assembly. For 2014, the independent auditing activities have been performed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Deloitte Touche Tohmatsu Limited).

2.3 General Assembly Meetings

On the Company's web site, the arrangements concerning Brisa's General Assembly meetings are contained in "The Internal Regulations on the Working Principles and Procedures of Brisa's General Assembly" on the "Information Society Services" pages. Additionally; the disclosures and documents, which should be shared with the public through KAP prior to and after General Assembly meetings as required by the legislation, are also shared on the relevant topics under the tab "Investor Relations" on the Company's web site.

On 21 March 2014 at 10.00, Brisa's 2013 Shareholders Ordinary General Assembly meeting was held at the Company's head office address, namely at Istanbul, Beşiktaş, 4. Levent, Sabancı Center Sadıka Ana Salonu, under the supervision of the Ministry's Representative Mükremin UZUNBOY appointed by decree of the letter dated 20.03.2014 and no 7001, issued by the Istanbul Governorate, the Provincial Directorate of Trade. The Shareholders have participated in the Ordinary General Assembly meeting in a physical environment, an electronic environment, personally and/or by means of their representatives.

The invitation to the General Assembly meeting has, including the agenda, been published in the Turkish Trade Registry Gazette dated 26 February 2014 and No 8516, on the Public Disclosure Platform web site www.kap.gov.tr, on the E-General Assembly System of the Central Registration Institution and on the Company's web site www.brisa.com.tr as stipulated in the Code and in the Articles of Association, and thereby, the invitation has been published in advance of minimum three weeks to the date of the General Assembly meeting by notification of the meeting date and the agenda via all kinds of communication means, including electronic communication, which would ensure that the maximum possible number of shareholders are reached, in addition to the procedures stipulated by the legislation.

The activity report (which also contains the audited 2013 figures), the financial statements and reports pertaining to the year 2013, the profit distribution proposal, the information document prepared in relation to the articles of the agenda regarding the General Assembly meeting, other documents constituting the basis of the articles of the agenda, the latest version of the Articles of Association, the draft text of the amendments to the Articles of Association and the grounds of these amendments have been submitted for reviews of the shareholders at our General Directorate in Istanbul, on our web site and on KAP in advance of 21 days to the date of the General Assembly meeting. The questions received in relation to these documents have been replied to accordingly.

In order that the shareholders could be represented at the General Assembly, both the Electronic General Assembly System has been utilized and the power of attorney form, which would be certified by a public notary, has, within the framework of the provisions contained in the Capital Markets Board's Communiqué No II-30.1, been kept available at the Company headquarters and on the Company's web site. Thereby, it has been ensured that the shareholders, whose shares are monitored before the Central Registration Institution on a dematerialization basis and who have the right to participate in the General Assembly meetings, or their representatives, who represent them under public notary-certified powers of attorney, participated in person in the General Assembly meeting or participated in the General Assembly meeting through the Electronic General Assembly System by using their secure electronic signatures. Thus, the applications and implementations, which would not cause any inequalities among the shareholders and would facilitate the least costly and the easiest participations in the General Assembly meeting have been preferred and observed.

Prior to the General Assembly meeting; the shareholders, the Capital Markets Board and/or other public institutions and organizations that are concerned with the Company have not submitted a request for inclusion of an article into the agenda.

Of 30.511.687.500 shares corresponding to the Company's total capital amounting to TL 305,116,875.00; 13.081.253 shares corresponding to the capital amounting to TL 130,812.53 have been represented by acting as principal, and 26.799.404.012 shares corresponding to the capital amounting to TL 267,994,040.12 have been represented by acting as representative at Brisa's Ordinary General Assembly meeting. The General Assembly meeting has been held with a participation rate of 87.88%.

The Board Members, the Company's Auditor, the General Manager, the Vice General Manager-Finance and the personnel who made the preparations for the meeting have also participated in the General Assembly meeting. However, apart from the shareholders, stakeholders and the media/press have not participated in the meeting.

The main agenda articles of this meeting comprised the following: informing about the 2013 Activity Report and the Auditor's Report, discussions on and approval of the financial statements, approval of the assignments that took place due to the resignations at the Board of Directors, discharge of obligations of the Board Members, approval of the Profit Distribution Policy, the planning of how to use the 2013 profit and determining the distribution procedure/dividend ratios, informing about the 2013 donations and charities, determining the 2014 donation limit, appointment of auditor, approval of the amendments to the Articles of Association and giving permission to the Chairman of the Board and the Board Members to carry out the transactions referred to in Articles 395 and 396 of the Turkish Commercial Code.

At the General Assembly meeting, it has been submitted for information of the shareholders that the donation amounting to TL 241,006.00 in total took place in 2013; and it has been resolved, by a majority of votes cast by the meeting participants, that the upper limit of the donations to be granted by the Company in 2014 shall be 5% (five) percent of the Company's net profit.

On 25 December 2014, Brisa has shared its Donation and Charity Policy with the public through KAP. The Donation and Charity Policy will be submitted for approval of the shareholders at the 2014 Ordinary General Assembly meeting to be held in 2015.

At the General Assembly meeting, the shareholders have been provided with the right to declare their opinions and ask questions under equal conditions. During the meeting, our shareholders, who wished to take the floor for the matters not included in the agenda, gave speeches and asked questions about the Company's performance and strategies, and these questions have been answered by the Chairman of the Meeting and by the relevant executives as directed by the Chairman of the said Meeting. The questions, which could not be answered during the meeting, have been replied to in written form by the Investor Relations Department, and these replies have been shared with the public on the topic "General Assembly Meetings" under the tab "Investor Relations" on the Company's web site www.brisa.com.tr.

At the General Assembly meeting, no proposals have been submitted by the shareholders, except for the articles of the agenda.

The minutes of the General Assembly meeting have been shared with the public by publication through KAP, in the Turkish Trade Registry Gazette and on the Electronic General Assembly System. In addition, all kinds of General Assembly meeting-related announcements, documents and papers have been submitted for information of the shareholders and stakeholders on Brisa's web site.

As required by Article 1.3.7 of the Capital Markets Board's Corporate Governance Principles; at the 2013 Ordinary General Assembly held on 21 March 2014, it has been submitted for the information of the shareholders that the shareholders holding the management control of the Company, the Board Members, the executives holding administrative responsibilities, their spouses and their relatives by blood and by marriage up to the second degree have not carried out any significant transactions and operations, which would cause a conflict of interest with the Company, and that they have not, whether on their behalves or on behalf of others, carried out any transactions and operations of a commercial nature included in the Company's fields of activities, and that they have not, as unlimited partners, participated in another company engaged in the same kind of commercial affairs.

An Extraordinary General Assembly meeting has not been held in 2014.

2.4 Voting Rights and Minority Rights

According to the Articles of Association, at General Assembly meetings, there is one voting right for each share, and there is no privilege in voting rights.

With a view to preserving and maintaining the currently harmonious management structure of the Company; a provision, which is relevant to granting cumulative voting rights in the current shareholding structure and in the current shareholding ratios, has not been included into the Articles of Association.

There is no shareholder company that is in cross-shareholding relationship.

In the Articles of Association, there is no provision concerning representation of minority shareholders and stakeholders in the management. However, at the Board of Directors, two Independent Board Members take part in order to represent all shareholders (particularly minority shareholders) and stakeholders equally.

Brisa attaches importance to the exercise of minority rights in compliance with the provisions of the Turkish Commercial Code and the arrangements issued by CMB. In 2014, no criticisms or complaints have been received with respect to this matter.

2.5 The Right to Profit Share/Dividend

As required by the Articles of Association, the Board Members and the Hacı Ömer Sabancı Foundation holding 100 usufruct shares have privilege in the profit. These privileges are calculated within the framework of the provisions contained in the Articles of Association.

In addition, in line with the aim to comply with the Corporate Governance Principles included in the scope of the CMB's Corporate Governance Communiqué No II-17.1; the amendments to Articles 14 and 28 of the Articles of Association have been approved at the Ordinary General Assembly Meeting held on 21 March 2014, and the Board Members' privileges in the profit have been revoked.

According to the Profit Distribution Policy approved at Brisa's Ordinary General Assembly meeting dated 21 March 2014; the profit distribution has been determined within the framework of the provisions contained in the Turkish Commercial Code, the Legislation on Capital Markets, the other relevant legislation and the profit distribution-related Article contained in our Articles of Association; Last but not least, in line with Brisa's medium-term and long-term strategies and investment and financial plans, by taking into consideration the current situation of the Country's economy and of the sector and by observing the balance between the expectations of the shareholders and Brisa's needs.

In line with the resolution taken at the General Assembly meeting, the principle of determining the amount of the profit share (to be distributed) has been adopted. However, it has been adopted as a principle that, in the distribution of profit, a profit share in cash (at the rate of 30% of the distributable profit) shall be distributed among the shareholders.

In Brisa, distribution of dividend advances does not apply.

It is adopted and ratified that the profit shares shall, equally and within the shortest period of time, be distributed regardless of all current shares and their dates of issuance and acquisition. However, they shall be distributed among the shareholders on the date fixed by the General Assembly following the approval of the General Assembly, within the statutory terms that have been determined.

The General Assembly may transfer all or a part of the net profit to the extraordinary reserve fund. In case Brisa's Board of Directors submits the General Assembly a proposal for non-distribution of profit; the shareholders shall, at the General Assembly meeting, be informed about the reasons of this circumstance and about how the undistributed profit shall be utilized. This information shall be included in the activity report and be published on the web site, and thereby, shall be shared with the public as well.

The Profit Distribution Policy is submitted for approval of the shareholders at the General Assembly meeting. This Policy is reviewed every year by the Board of Directors by taking into consideration any negative matters in the national and global economic conditions as well as the current situations of the on-going projects and the funds. Any amendments to this Policy shall be submitted for approval of the shareholders at the next General Assembly meeting following the amendments, and shall be disclosed to the public on the web site.

The Profit Distribution Policy and the proposal for distribution of annual profit are contained in the activity report, they are submitted for information of the shareholders at the General Assembly meeting, and they are announced to the public under the tab "Investor Relations" on the web site.

At the 2014 Ordinary General Assembly Meeting; the Board of Directors' proposal (dated 26 February 2014) for distribution of profit has been accepted, and it has been resolved that the profit share/dividend payments shall start on 24 March 2014. According to the 2013 financial results, the Company has distributed profit shares amounting to TL 126,891,512.49 in total, as TL 119,178,651.38 for the shareholders and TL 7,712,861.11 for the Hacı Ömer Sabancı Foundation holding usufruct shares. A profit share/dividend payment has not been made to the Board Members.

2.6. Transfer of Shares

As provided in detail under the Article 31 of the Articles of Association, transfer of the registered shares being held by the controlling shareholders, namely the Hacı Ömer Sabancı Holding A.Ş and Bridgestone Corporation is subject to certain limitations. In brief; while the controlling shareholder is transferring its shares, it is mandatory for this controlling shareholder to offer its shares to the other controlling shareholder firstly. The controlling shareholders are not allowed to transfer their shares to a third party that is deemed to be, or will be, or 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.

In the Articles of Association, there is no provision that will restrict or limit transfer of shares by other shareholders.

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 The Corporate Web Site and the Contents thereof

Our Company's corporate web site is accessible at www.brisa.com.tr.

In addition, within the framework of the principles and procedures concerning creation of web sites, allocation of a certain part of these sites for publication of the announcements to be made by the Company as required by the laws and for the information society services pursuant to the "Regulation on Web Sites Created by Corporations" and the first paragraph of Article 1524 in the Turkish Commercial Code; our Company receives the Central Database Service Provider support services from the Central Registration Institution ("MKK"), and the announcements, which should be published by the Company as required by the laws, are accessible through the MKK's "e-Company, Companies Information Portal".

For public disclosure purposes and in order to maintain the relationships with the shareholders more effectively and rapidly and be in communication with the shareholders continuously; the Company's web site is used actively within the framework of the Corporate Governance Principles.

The information available on Brisa's web site does not take the place of the material event disclosures and notices, which should be made pursuant to the provisions of the Legislation on Capital Markets. All public disclosures of Brisa are also made available on the web site, which is configured and organized accordingly, with all measures taken to ensure its security. The Company's web site is reviewed and revised within the framework of the heading "2.1 Contents of Corporate Web Sites", which is contained in the Corporate Governance Principles to be taken as basis, as attached to the CMB's Corporate Governance Communiqué No II-17.1. Within this scope, the information and documents stipulated by the legislation are accessible. The studies continue for provision of the information available in Turkish on the web site, and a substantial proportion in English as well. The Activity Report, the Financial Reports prepared on an annual basis and certain information are also available in English. In particular, the announcements and agendas of the 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 available on the web site. An ongoing effort is made to improve the web site wherever possible.

Important headings available on the web site are summarized as follows:

- Detailed information regarding the corporate identity
- Mission, vision, values, ethical rules and the main strategies
- Information regarding the Board Members and the Senior Management
- Organization and shareholding structure of the Company
- CMB Material Event Disclosures
- The Articles of Association
- Trade registry information
- Financial information
- Press releases
- Information on the date, agenda and agenda topics of General Assembly meetings
- Minutes of General Assembly meetings, and the list of participants
- Sample power of attorney documentation
- Practices of Corporate Governance, and the compliance report
- Profit Distribution Policy, its history and capital increases
- Information Policy
- Donation and Charity Policy
- Remuneration Policy
- Frequently asked questions

The principles concerning management of the web site are contained in our "Information Policy".

3.2 Activity Report

The Brisa Activity Report is prepared in detail for the public to access all correct information fully and timely about the Company's activities, in compliance with "Regulations About Determining the Minimum Content of Companies' Annual Activity Reports", which has been issued by the Ministry of Customs and Trade and has entered into force upon publication in the Official Gazette dated 28 August 2012, and in compliance with the terms stipulated in the CMB's Communiqué No II-14.1 on "The Principles of Financial Reporting in Capital Markets", and in compliance with the Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/TFRS) and the formats determined by CMB, and in compliance with the Corporate Governance Principles. It is submitted for approval of the Board of Directors. Unless the Board of Directors resolves, under a separate statement of responsibility, that it shall be disclosed after financial statements; it is disclosed to the public along with the financial statements through KAP and the Company's web site (www.brisa.com.tr).

In addition, once every quarter, a summarized activity report is prepared, and it is published along with the financial statements through KAP and on the Company's web site. The activity report prepared on an annual basis is also provided in printed form in order that it is submitted to the concerned persons.

Within this framework, the Brisa 2013 Activity Report has been submitted for reviews of our shareholders at the Company headquarters, on MKK's Electronic General Assembly portal, and on the Company's web site for a period of three weeks prior to the 2013 Ordinary General Assembly meeting, within the framework of the Turkish Commercial Code, the Regulations and the arrangements relevant to the Capital Market Law, and it has been read and discussed at the Ordinary General Assembly meeting held on 21 March 2014.

PART IV - STAKEHOLDERS

4.1 Providing Information to Stakeholders

Employees, customers, suppliers, trade unions, civil society organizations, government, potential investors and similar parties are considered as stakeholders. The Company considers long-term relations with stakeholders as a benefit to the Company and both respects and protects the rights of the stakeholders acquired from the legislation, mutual agreements and contracts.

In regard to informing the stakeholders Brisa takes into account the Information Policy announced by the Investor Relations Department on www.kap.gov.tr and www.brisa.com.tr web sites on 25 December 2014. Within the scope of the Information Policy non-trade secret information are shared with the stakeholders through transparent public announcements, press and media meetings and similar means.

Company employees are provided information through meetings, which concern their field of specialization and general areas of responsibility, seminars, trainings and e-mails. The Company also has a portal where employees can access any kind of information or document concerning them.

The company has a web accessed "Dealer Information System" in order to share information with dealers who are the most important contact points with the end users. Moreover a dealer database management system has been developed in order for our dealers to manage the communication process between their employees and corporate customers. Besides these systems there are auxiliary systems, namely the Dealer Automation System, which enables dealers to manage their businesses more professionally, The Guarantee System (e-Guarantee), which offers information to end users regarding products and services, the Customer Application Management systems, which is mostly used by the call centres meeting the requests of consumers regarding products, services, systems and approaches. All information streamed to our dealers and users is done in an integrated manner with Brisa's CRM Model. Our company also organizes general and regional informative meetings attended by all our dealers.

There are many suppliers directly in relation with our Company. We inform such suppliers with our purchasing portal (OSAT) as well as through meetings, visits and announcements.

Our Company has adopted ethical principles in order to protect the rights of its stakeholders.

Stakeholders can access to the Ethics Board established by our main partner, H.Ö. Sabancı Holding, via e-mail etik@sabanci.com or phone number +90 (212) 385 85 85 or Working Relations Director Uğurtan Doğan via phone number +90 (262) 316 58 00. The Audit Committee and/or Corporate Management Committee are informed if necessary.

4.2 The Participation of Stakeholders to the Management

A model or mechanism has not been established for the participation of stakeholders to the management. However the independent members of the Board enable all stakeholders to be presented besides the Company and the shareholders.

Shareholders participate in the management during the General Assembly and are given equal opportunities to state their ideas and ask questions. All the Board members are selected through voting at the General Assembly attended by the stakeholders.

At our Company we implement a management model, which encourages employees to contribute in key policy making, disseminating policies across the company and transform them into being targets, realize planned implementations and review their outcomes accordingly for continuous improvement.

Our white-collar workers participate in management through periodically held corporate meetings and annual target specification and performance evaluation meetings. We measure and evaluate the loyalty and satisfaction scores of our white and blue-collar workers with the Worker Loyalty Survey and develop action plans for areas of opportunity. Moreover thanks to the 360 degrees feedback mechanism employees can give feedback to the management and their colleagues, the outcomes are discussed in various management meetings and action plans are prepared for the change needed. These approaches enable our employees to participate in if needed for the effective management of our Company.

While we make necessary arrangements regarding the working conditions, working environment, rights granted and similar topics regarding our blue-collar workers we co-operate with them, organize meetings and consult the Lastik-İş Trade Union.

For other non-worker stakeholders (customers, suppliers, etc.) we continuously maintain our communication channels open and consider the topics discussed at meetings during Company policy making.

4.3 Human Resources Policy

Together with our Human Resources, Corporate Development and Working Principals we add value to our vision of "creating the journey ahead together as the Brisa Family' in the light of our mission, vision, business ethics, excellency and social responsibility. We "leave a mark into the future" together with all our stakeholders. Our policy supporting and sustaining our mid and long term business targets is to create a work place, which is aware of its social responsibilities, where people are proud and happy to work, "pioneer" change, ensure work harmony and sustainability, emphasize occupational health and safety, ethical values and fair approach and thus become "the most preferred work-place'. Moreover we want to make our work place sustainable with employees who are entrepreneurs with both innovative competencies and a strong desire to succeed and are open to transformation as well as development.

In order to manage our relations with the blue-collar workers we co-operate with our worker Ersin AYTEKİN who is the Kocaeli Branch Board Member of Lastik-İş Trade Union, and workplace trade union representatives Barış Bülent Günel (Chief Representative), Şakir Yılgin, Yusuf Cengiz Sevim, Serkan Görmüş, Akın Giray and Remzi Gürgün. Representatives manage the relations with the workers while Branch Board members manage the relations with the Branch Management.

Within the framework of our Company's Human Resources Policy we have adopted the principle of "Providing Equal Opportunities to People with Equal Conditions". The Company has committed itself to treating all employees fairly, respect their religious, linguistic, and ethnical and gender differences, and take measures to protect them against mal treatment. The Company has policies concerning the equality of opportunity and avoidance of employing or forcing child labour, which go hand in hand with our compliance with the related laws, regulations and work legislations. In 2014 we have received no complaints concerning the related issues mentioned above.

The job descriptions, distributions, performance and rewarding criteria of personnel are announced corporate-wide. Efficiency is taken into account while determining wages and other benefits.

Brisa, just like other companies of the Sabancı Holding operating nationally and internationally respects and complies with the local provisions of law and private law arrangement if any, for instance the collective labour agreement, in the market where it is operating. The Company shows due diligence from the beginning until the termination of the labour agreement in an attempt to protect all rights and pay the receivables of employees.

4.4 Ethical Rules and Social Responsibility

The Company Ethical Rules have been prepared, implemented and announced publicly on the corporate web site. Company employees are informed about company rules with the publication of these rules on the internal communication portal, the distribution of printed booklets to all personnel and by giving information sharing trainings. Each year the personnel update their knowledge on work ethics with an e-learning program, and sign a "Work Ethics Compliance Declaration", which indicates their conformity with the work ethics rules.

Our Company's Social Responsibility Policy is based on the "Our Preferences Define Our Future" understanding and can be summarised as follows;

Brisa is aware of the fact that it can only subsist by creating a difference and develop with the understanding of social responsibility. The expectations of our customers, employees, shareholders, suppliers, business partners, competitors and the society have all been reflected in our corporate culture, values and our way of doing business. A management understanding based on the awareness of social responsibility has been adopted.

In line with our social responsibility understanding:

- We follow the SA-ETİK "Work Ethical Guideline", which is determinative in our responsibilities, decisions and operations leading the way for us beyond the legal arrangements.
- We respect human rights and work labour principles and support the abolishment of forced labour and child labour.
- We try to ensure no discrimination about employment and work within our company.
- We take all the necessary measures in order to create a safe and healthy work environment.
- We adopt a preventive approach against environmental pollution and support the efficient usage of resources in order to ensure a sustainable living.
- We give importance to developing our social responsibility approach by continuously improving it.
- We follow the policy of being publicly transparent bearing in mind that communication would lead our company, group, community and stakeholders towards achievable targets.

The key corporate citizenship projects of Brisa in 2014 have been specified under the "Social Sustainability" title.

Brisa is responsive towards social responsibility and complies with the arrangements and ethical rules regarding the environment, consumer and public health. The Company respects and supports the internationally-accepted human rights. Brisa complies with the Corporate Management Principles Article 3.5.2. but has not yet prepared its Anti Bribery and Corruption Policy. Our Company will endeavour to prepare such an Anti Bribery and Corruption Policy and announce it to its stakeholders by publishing it on the Brisa Web Site (www.brisa.com.tr)

PART V - BOARD OF DIRECTORS

5.1 Structure and Composition of the Board of Directors

The Company's Board of Directors monitors the compliance of the Company's activities with the legislation, the Articles of Association, internal regulations and the policies determined. Under the strategic resolutions taken by the Board of Directors, it manages and represents the Company by taking into consideration the Company's risks, growth and its returns and by observing the Company's long-term benefits.

In line with the provisions of the Turkish Commercial Code, the Legislation on Capital Markets and the Articles of Association; the Company is managed and represented by a Board of Directors composed of a minimum 11 (eleven) members who have been elected at the 2011 Ordinary General Assembly Meeting held on 27 April 2012 and will hold office until the 2014 Ordinary General Assembly Meeting to be held in 2015.

In the Articles of Association, there is no provision concerning the required minimum qualifications of the Board Members. However, the qualifications of such Members conform to the relevant Articles contained in the CMB's Corporate Governance Principles.

There are executive and non-executive members at the Board of Directors. The majority of the Board Members are non-executive members, as defined in the Corporate Governance Principles. Among the non-executive Board Members, there are also two independent members who shall perform their tasks without being under any influences. The said Board Members are elected by the General Assembly in line with the Corporate Governance Principles.

Within the scope of Article 4.3 of the CMB's Corporate Governance Principles, amendments have been made to the Articles of Association in order that independent members hold office at the Board of Directors. The independent Board Members to be admitted to the Board of Directors have been determined upon approval of the independent Board Member candidates list (comprasing two persons) at the Ordinary General Assembly meeting dated 27 April 2012, in accordance with the Board of Directors' resolutions dated 03 April 2012 and No 592 and dated 24 April 2012 and No 598 respectively. The declarations of director independence, which declare that the independent Board Member candidates conform to the independency criteria, have been submitted for information of the Board of Directors by the independent Board Member candidates, at the time when they were nominated as a candidate. During the related reporting period, no incident has jeopardized the independence of the independent Board Members.

The term of office of the Board Members is maximum three years. It is possible to re-elect a member whose term of office has expired. In case a membership position becomes vacant for any reasons; the Board of Directors shall elect a new member for this vacant membership position and, shall submit this new member for approval of the General Assembly at the subsequent General Assembly meeting. This member will complete his/her predecessor's remaining term of office.

Under its resolution dated 25 March 2014 and No 2014/10, our Company's Board of Directors has distributed the tasks among its members in compliance with the Articles of Association.

The Board Member Kazuyuki EGUCHI has resigned as of 6 May 2014, and Kazuto SEMBU has been assigned for this vacant membership position, provided that this matter is submitted for approval of the General Assembly at the next General Assembly meeting.

The Board Member Kunitoshi TAKEDA has resigned as of 8 September 2014, and Mitsuhiro SHIMAZAKI has been assigned for this vacant membership position, provided that this matter is submitted for approval of the General Assembly at the next General Assembly meeting.

As of 31 December 2014, the Company's Board Members, their terms of office, and the executive, non-executive and independent members are shown in the below table:

NAME - SURNAME	TITLE	TERM OF OFFICE	TYPE OF MEMBERSHIP
Güler Sabancı	Chairperson of the Board	Until the 2014 Ordinary General Assembly Meeting	Non-executive
Narumi Zaitso	Vice Chairman of the Board	Until the 2014 Ordinary General Assembly Meeting	Non-executive
Mehmet Nurettin Pekarun	Board Member	Until the 2014 Ordinary General Assembly Meeting	Non-executive
Mustafa Bayraktar	Board Member	Until the 2014 Ordinary General Assembly Meeting	Non-executive
Barış Oran	Board Member	Until the 2014 Ordinary General Assembly Meeting	Non-executive
Mitsuhira Shimazaki	Board Member	Until the 2014 Ordinary General Assembly Meeting	Non-executive
Mübin Hakan Bayman	Board Member /General Manager	Until the 2014 Ordinary General Assembly Meeting	Executive
Kazuto Sembu	Board Member /Coordinator of the Executive Board	Until the 2014 Ordinary General Assembly Meeting	Executive
Seiichiro Tokunaga	Board Member/ Chief Technical Officer	Until the 2014 Ordinary General Assembly Meeting	Executive
Hasan Cihat Erbaşol	Independent Board Member	Until the 2014 Ordinary General Assembly Meeting	Non-executive
Hüsnü Paçacıoğlu	Independent Board Member	Until the 2014 Ordinary General Assembly Meeting	Non-executive

The Board Member and the Vice Chairman of the Board, Narumi ZAITSU has resigned as of 19 January 2015, and Tomoya SANO has been assigned for this vacant membership position, and Mitsuhira SHIMAZAKI has been elected as the Vice Chairman of the Board, provided that these matters are submitted for approval of the General Assembly at the next General Assembly meeting.

There are no restrictions or limitations for the Board Members to perform another task or other tasks externally. The resumes of the Board Members, their external tasks (their tasks outside of the Company), as within the group and outside of the group, are contained in the Activity Report.

Despite there being no Company policy concerning the recommendation "for the rate of woman members at the Board of Directors, a target time and a target rate, provided that it is not less than 25%, will be determined, and a policy will be prepared in order to achieve these targets", which is contained in Article 4.3.9 of the Communiqué; attention is paid to this matter, and Güler Sabancı presides over the Brisa's Board of Directors.

5.2 Board of Directors Principles of Activity

As outlined in the Articles of Association, the Board of Directors holds meetings pursuant to the Company business and transaction requirements. However, it is mandatory to hold a meeting at least once every three months. The Board of Directors holds meetings upon invitation by the Chairperson or the Vice Chairman of the Board. The Board of Directors' meetings may be held in Turkey or outside of Turkey, with the participations of its members. The Board of Directors' resolutions are taken in Turkish and in English.

The agendas of the Company Board of Directors' meetings are determined upon the Chairperson of the Board discussing the agenda topics with the current Board Members and the General Manager. The invitations to the Board meetings are, in advance of minimum 10 days to the meeting dates, communicated by e-mails, registered letters or by facsimile messages bearing signature. The Members pay attention to participate in and declare their opinions at every meeting. In urgent cases, this procedure is not complied with. However, in such cases, in order that such Board of Director's meeting can be started, it is mandatory that 8 (eight) Board Members participate in the meeting. The dates of the meetings are also determined under the Board of Directors' relevant resolutions. If the Chairperson or the Vice Chairman does not invite the Board Members to the meeting upon written request submitted by one of the Members, the Members become entitled to invite the Board to the meeting, on their own motion. Unless one of the Members requests for discussion; the Board of Directors' resolutions may, pursuant to Article 390 (4) of the Turkish Commercial Code, also be taken upon written approvals of minimum 8 (eight) Members, by obtaining written approvals of the other 7 (seven) Members (as a minimum) for a written proposal submitted by one of them to all Members, with respect to a certain matter.

The Board of Directors held a total of 26 meetings in 2014, 4 of which were face-to-face meetings and 22 of which were held by obtaining written consents in line with the provisions set forth under the Turkish Commercial Code and the Articles of Association. While taking resolutions on the matters, unanimity has been sought and the Corporate Governance Principles have been complied with.

At the Board of Directors, each Member has one voting right. As required by the Articles of Association; at the Board of Directors, resolutions gain validity upon affirmative votes of 8 (eight) or more than 8 (eight) Members out of 11 (eleven) Members.

No contrary views were expressed by the Board Members at the meetings held in 2014. Since the Board Members have raised no questions, no records have been kept with respect to this matter.

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

Within the scope of Article 10 contained in the Capital Market Board's (CMB) Corporate Governance Communiqué Serial:II.17.1, in case it is foreseen that the rate of amount of common and continuous transactions between our Company and its associated parties within one accounting period to the amount of cost of sales according to the latest annual financial statements disclosed to the public in purchasing transactions or to the amount of revenue according to the latest financial statements disclosed to the public in sales transactions will be equal to 10% or more than 10%, it is necessary to prepare a report about conditions of the transactions and about comparison with the market conditions, and disclose the report or the concluding part thereof.

Within this scope; the report, which has been prepared about "the transactions planned to be carried out with the associated parties" in the Company's 2014 accounting period, has been reviewed and adopted in accordance with our Board of Directors' resolution dated 8 April 2014 and No 2014/12, and the concluding part of the report has been disclosed on KAP.

Accordingly; "the transactions for purchase of goods (rubber), which was carried out in 2013 by BRISA with the associated enterprise Bridgestone Singapore Pte. Ltd, have taken place in compliance with the market conditions and at arm's length. Similarly; the transactions, which will be carried out in 2014 by BRISA with the associated enterprise, shall take place in compliance with the market conditions, within the framework as planned in the Company's budget."

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

The management rights and the representation authorities of the Company Board of Directors are defined in the Articles of Association.

In 2014, in line with Articles 395 and 396 of the Turkish Commercial Code, despite the fact that the Chairperson and the Members of the Board were granted permission to carry out, on their behalves or on behalf of others, the transactions included in the Company's fields of activities, and to participate, as partners, in other companies engaged in such commercial affairs; they have not carried out such transactions on their behalves or on behalf of others, and have not made any attempts to compete in the same fields of activities.

In accordance with Article 4.2.8 of the Communiqué; faults/discrepancies of Board Members that may occur in the course of their tasks and damages/losses that may be caused by the Board Members against the Company have been insured within the scope of Directors Liability Insurance with an insurance coverage amounting to 40 million US Dollars.

5.3 Committees of the Board of Directors, Number, Structure and Independency

In order that the Board of Directors fulfills the requirements of its tasks and responsibilities properly; the Committee Responsible for Audits (in short, "the Audit Committee"), the Corporate Governance Committee and the Early Identification of Risks Committee have been established by taking into consideration the Legislation on Capital Markets, the arrangements issued by the Capital Markets Board as well as the Corporate Governance Principles. Furthermore, the "Nomination Committee" and "Earnings Committee" obligations, which are contained in Article 4.5.1 of the Communiqué, are assumed by "the Corporate Governance Committee".

The resolutions, which have been taken by the Committees in consequence of the studies carried out independently by the Committees, are, as a proposal, submitted to the Board of Directors, and the final resolution is taken by them as such.

Brisa has ensured the structuring of the Board of Directors within the framework of the Corporate Governance Principles Communiqué. Although attention is paid to comply with the recommendation "a Board Member shall not take part in more than one committee" as mentioned in Article 4.5.5 of the Communiqué; some of the Board Members take part in more than one committee due to the committee structuring requirements, the number of Board Members and because of the business expertise required by the committee membership. Within this scope, due to the requirements that the Audit Committee entirely comprises independent Board Members and that the presidents of the other committees comprise independent Board Members; Hüsnu PAÇACIOĞLU holds office in all the three committees. Mehmet Nurettin Pekarun and Kazuto Sembu hold office, as a member, both in the Corporate Governance Committee and the Early Identification of Risks Committee.

The Committees have carried out their studies and activities systematically since the day they were established.

In 2014, no conflicts of interest have occurred in the Committees.

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

Audit Committee

Within the scope of the provision contained in Article 28/A, which has been included by its Communiqué Serial:X, No:19 in the Capital Markets Board's Communiqué Serial:X, No:16 on "Independent Audits in the Capital Markets"; the tasks of the Audit Committee that has been established under the Company Board of Directors' Resolution dated 21 March 2003 are to furnish the Company Board of Directors information about the Company's accounting system, financial reporting, financial information disclosed to the public, the activities of the Internal Control Department, independent audits and the functioning and effectiveness of the internal control system, and to provide supports to the studies and activities of the Company in respect of compliance with the relevant laws and codes, particularly the Legislation on the Capital Markets Board, and with the Corporate Governance Principles and the Company's ethical rules, and thereby, to fulfill the supervision functions with respect to these matters.

At the Company Board of Directors' meeting dated 30 April 2012 and No 600; it has been resolved that the following Board Members are elected as the members of the Audit Committee, and that this Committee is granted the authority to fulfill the tasks indicated by the provisions of the Capital Markets Board's Communiqué Serial X, No: 22.

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

Under our Company Board of Directors' Resolution dated 25 March 2014 and No 2014/10, after the 2013 Shareholders' Ordinary General Assembly meeting held on 21 March 2014, it has been resolved that the Audit Committee memberships shall resume as indicated above.

The members are comprised of persons who do not assume direct executive functions and bear the independent Board Member status and have adequate knowledge and experience in financial matters. The President and the Member of the Audit Committee is assigned by the Board of Directors. The reporting activities of the Audit Committee are carried out by the Company's Internal Control Department. All kinds of support and the resources required for fulfillment of its tasks and functions are provided to the Audit Committee by the Board of Directors.

The Committee holds meetings at least four times a year, namely at least once every three months (quarterly session); prepares the records of these meetings, and submits them to the Board of Directors. At the meetings, in general, the matters such as reviews on the studies and activities carried out by the Internal Control Department and by the Independent Auditing Firm, analysis on the financial statements, investigations on violations of business ethics and codes of conduct constitute the articles of the agenda.

In 2014, the Audit Committee held 4 meetings in the twelve months' period, and has submitted the Board of Directors the report concerning the authenticity and accuracy of the financial statements to be disclosed to the public. Moreover, in 2014, the Audit Committee held 4 meetings with the Internal Control Department, and approved the audit agenda, reviewed the internal control reports pertaining to 11 business processes, and discussed the sufficiency of the internal control system.

The main activities carried out by the Audit Committee in 2014 are as follows:

- Following up of the financial and operational activities of the Company,
- Supervision of the authenticity and accuracy of the annual and interim financial statements (to be disclosed to the public) with the accounting principles followed by the Company, and their approval,
- Selection of the independent auditing company, preparation of the independent auditing contracts, and initiation of the independent auditing process,
- Following up of the effectiveness and performance of the independent auditing activities,
- Supervision of the functioning and effectiveness of the internal control and internal audit systems,
- Evaluations on the data obtained in relation to the internal control system, and submission of the related report to the Board of Directors,
- Reviews on and approval of the reports concerning internal controls and internal audits.

Corporate Governance Committee

In line with the Capital Markets Board's (CMB) Corporate Governance Communiqué that is in force; the Corporate Governance Committee, which has been formed in order to monitor the compliance of the Company with the Corporate Governance Principles, carry out improvement studies and activities in this respect and submit relevant recommendations to the Board of Directors, has been established and its Internal Regulations have been approved under the Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. Board of Directors' resolution dated 30 April 2012 and No 600. Under the Board of Directors' resolution dated 2 August 2013 and No 2013/13, the Internal Regulations have been revised for the reason that the Early Identification of Risks Committee, which has previously taken part within the body of this Committee, has been separated from it. As required by the Board of Directors' resolution dated 30.06.2014, No 2014/16 and also required by the Communiqué; the Vice General Manager-Finance, Bora Çermikli, who is eligible with regard to the criteria determined within the scope of the Communiqué, as required by the Communiqué, has been elected as a Member of the Corporate Governance Committee, and the number of the members of the said Corporate Governance Committee has been increased to 4 (four), and the Internal Regulations have been revised and approved once again.

Under the Board of Directors' resolution dated 6 May 2014 and No 2014/15; Kazuto Sembu has been elected as the new member of the Committee, in substitution for Kazuyuki Eguchi who has resigned from the membership of the Board, and consequently, from the membership of the Corporate Governance Committee.

The Corporate Governance Committee comprises the following members:

Name Surname	Title	Board Member Status
Hüsnü Paçacıođlu	President of the Corporate Governance Committee	Independent Board Member
Mehmet Nurettin Pekarun	Corporate Governance Committee Member	Board Member – Non-executive
Kazuto Sembu	Corporate Governance Committee Member	Board Member – Executive
Bora Çermikli	Corporate Governance Committee Member	Chief Finance Officer

The Corporate Governance Committee comprises two reporters and maximum four members, including the President, assigned from among the independent members by the Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. Board of Directors in line with the Capital Markets Board's "Corporate Governance Principles". The Committee Members (other than the President) comprise a maximum of three members, viz. the Chief Finance Officer (CFO) responsible for the Investor Relations Department and two Board Members elected by the Board of Directors. The Director Responsible for Human Resources and the Investor Relations Director, the holder of "the Capital Markets Board Advance Level License", carry out reporting activities of the Committee, in the matters relevant to their tasks.

In case the position "President of the Committee" becomes vacant for any reason; the Chairperson of the Board will assign one of the Committee Members as the temporary President to hold office until such time as a new President is assigned at the next Board of Directors' meeting following the vacancy.

The agendas of the Committee meetings are determined by the President of the Committee. In case inclusion of matters into the agenda is requested by members and/or shareholders, they shall submit these matters to the President of the Corporate Governance Committee through the channel of the Reporters.

The meetings of the Corporate Governance Committee are held, at least four times per year, on the dates and at the places deemed acceptable by the President. The meeting and resolution quorum is the absolute majority of the total number of the members. Other persons that are deemed acceptable by the President may also participate in the meetings.

All activities and studies carried out by the Corporate Governance Committee are put into writing and their records are kept by the said Committee. The reports, which contain all information about its activities and studies as well as the results of the meetings, are communicated to the Board of Directors by the Committee.

In 2014, the Corporate Governance Committee held 4 meetings.

The activities carried out by the Committee in 2014 are as follows:

- Within the scope of compliance with the Capital Markets Board's (CMB) Corporate Governance Communiqué No II-17.1; submission, to the Board of Directors, of recommendations for improvement of the corporate governance practices/implementations, and conduct and supervision of the activities and studies required for compliance with the legislation within the body of the Company,
- Supervision of the activities and studies carried out by the Investor Relations Department,
- Consideration of the Company's long-term targets, determining the principles, criteria and implementations, which shall apply to the remuneration of the executives/managers/directors holding administrative responsibilities, and their supervision,
- Consideration of the level of achievement of the criteria that apply to remuneration, submission of recommendations to the Board of Directors in relation to the remunerations to be paid to the executives/managers/directors holding administrative responsibilities,
- In compliance with the criteria determined under Article 17 of the Capital Markets Board's Material Events Communiqué No II-15.1; revision of our Company's current "Information Sharing Policy", and submission of these revisions for approval of the Board of Directors,

- As required by Article 1.3.10 of the Corporate Governance Principles published as attached to the Capital Markets Board's Corporate Governance Communiqué No II-17.1; preparation of our Company's "Donation and Charity Policy", and submission of this Policy for approval of the Board of Directors.

Early Identification of Risks Committee

The Early Identification of Risks Committee has been established in order that this Committee holds office and is authorized under the Brisa Board of Directors' resolution dated 2 August 2013 and No 2013/13 and pursuant to the provisions of Article 378 contained in the Turkish Commercial Code No 6102 and the provisions of the Capital Markets Board's Corporate Governance Communiqué.

The Committee carries out studies and activities for early identification of strategic, operational, financial and external and all kinds of other risks that may jeopardize Brisa's existence, growth and continuity, for implementation measures and remedies required for these purposes, and for management of such risks. The Early Identification of Risks Committee comprises the following members:

Name Surname	Title	Board Member Status
Hüsnü Paçacıoğlu	President of the Early Identification of Risks Committee	Independent Board Member
Mehmet Nurettin Pekarun	Member of the Early Identification of Risks Committee	Board Member – Non-executive
Kazuto Sembu	Member of the Early Identification of Risks Committee	Board Member – Executive

Under the Board of Directors' resolution dated 6 May 2014 and No 2014/15; Kazuto Sembu has been elected as the new member of the Committee, in substitution for Kazuyuki Eguchi who has resigned from the membership of the Board, and consequently, from the membership of the Corporate Governance Committee.

The President of the Early Identification of Risks Committee is assigned from among the independent members by the Brisa Board of Directors.

The Committee comprises a minimum of two members elected by the Board of Directors. Other persons that are deemed acceptable by the President may also participate in the meetings. The Committee Members' terms of office are in parallel to the Board Members' terms of office. The Committee is re-formed, following election of the said Board Members.

The meetings of the Early Identification of Risks Committee are held, at least six times per year, at the places deemed acceptable by the President.

In 2014, the Early Identification of Risks Committee held 6 meetings.

5.4. Risk Management and Internal Control Mechanism

Organization

As required by Article 378 of the New Turkish Commercial Code entered into force on 01 July 2012, and also by the relevant sections of the CMB's Communiqué Serial:IV, No:56 dated 30 December 2011; Boards of Directors are obliged to establish a committee of specialists for early identification of causes jeopardizing their companies' existence, growth and continuity, for implementation measures and remedies required for these purposes, and for management of such risks, and enable the mechanism to function and develop at their companies whose stocks are traded at the stock exchange.

The Early Identification of Risks Committee has been established in accordance with Article 6 of the Communiqué Serial:IV, No:63 Concerning Amendments to the Communiqué Serial:IV, No:56 on Determining and Implementation of the Corporate Governance Principles published by CMB on 22.02.2013. The Committee has taken over all of the tasks that were previously entrusted with "the Corporate Governance Committee", in relation to early identification of risks.

“The Early Identification of Risks Committee” also assumes the tasks of the risk committee, referred to in Article 378 of the New Turkish Commercial Code. In the reports submitted to the Board of Directors once every two months by the Early Identification of Risks Committee, the Committee carries out situation assessments for critical risks, and points out hazards if any, and indicates the remedies. The reports submitted to the Board of Directors are also communicated to the independent auditor of the Company. The Committee also assesses the effectiveness of the Company’s risk management system once a year.

The Risk Committee and the Risk Management Department have been established within the body of the Company in order to ensure that all risks of the Company are identified earlier, are managed effectively and that they are integrated with the Company’s strategies and processes. The Risk Committee comprises the Risk Manager and the members of the Executive Board are comprised of the General Manager, the Executive Coordinator, the Chief Technical Officer, the Chief Commercial Officer, the Chief Finance Officer and the Financial Assistant respectively.

The Framework and Process of Risk Management

The Risk Management Department integrates the corporate risk management with the Company strategies and corporate culture targeting to enable all employees to focus on risks, opportunities and liabilities besides their performance while executing their daily operations and thus contribute to the sustainable development of the Company and generate added value.

The Risk Management Department, together with the full support of the executive team and the active participation of the Company personnel, undertakes activities of specifying and evaluating the entire risks of the Company within the framework of the risk management policy and the standards supported and approved by the top management, specifying strategies and actions with the co-operation of personnel who are responsible for the risks, the coordination of risk management and the follow-up of the risk management action plans of the various functions, designing policies and procedures in line with the risk appetite of the Company and the follow-up of the processes to make sure they are in line with the aforementioned policies and procedures, developing and managing work continuity policy and plans, and preparing and sharing the risk management reports.

Within the framework of risk management process the determination and adoption of the risk concepts regarding all personnel -from top management to the bottom-, as well as the corporate risks, risk responsibilities and common risk awareness; the follow-up of the changes in these elements and their continuous improvement are regarded as key success factors and accepted as one of the essential strategic targets of our Company.

Risk Management Department organizes risk evaluation workshops each year with all the Company functions in order to specify and define the strategic, financial, operational and compliance based risks of functions; measure and prioritise the impact and probability of the financial, reputational, environmental, and human loss scenarios of risks; decide on the strategies and actions to mitigate, eliminate or transfer the negative aspects of the aforementioned risks; determine the critical key risk indicators and risk tolerances, and the follow-up of the current risk management actions. The Risk Committee convenes each year in an attempt to evaluate yearly risk evaluation outcomes and the risk management strategies.

The Risk Management Department shares the key risky areas of the Company in numeric indicators and the monthly development trends, the status of these indicators in regard to specified limits and tolerances, the reasons of deviations and changes, the cost and reasons of business interruptions and the actions taken with the entire executive team on a monthly basis. Thus the Company provides an early warning mechanism in order for interacting functions to form a common risk perception and a management strategy. Moreover, throughout the year the Directorate shares the specific risk analysis works obtained from national or international resources or conducted within the Company’s premises in the format of a report with the related executives.

The Corporate Management Committee established by various Board Members carries out bi-monthly evaluation discussions and presents a risk evaluation report to the Board for critical risks based on the information obtained from the Risk Management Department and the Risk Committee, and evaluates the effectiveness of the company’s risk management systems on a yearly basis.

Operational Risk Management and Business Continuity Planning

The Company gives utmost importance to ensure the sustainability of its entire work processes and corporate operations in order to provide the highest possible value to its stakeholders. The operational risk management activities of the Company involves emergency intervention at the time of incidents, crisis management, business continuity and rescue steps and are pursued on a platform established by all related personnel and within the scope of a planned road map including continuous review and improvements.

The Risk Management Department carries out activities of designing business continuity policies and plans with the related functions, disseminating such policies and plans across the Company, as well as updating and testing them in order to mitigate the business and manufacturing interruptions and losses, which may result from supply chain problems, information system interruptions, machine break-downs, fire, natural disaster, pandemic disease and similar incidences. The ultimate target of these initiatives is to ensure the elements below without compromising in product safety and quality, compliance with laws and regulations, corporate reputation, social responsibility awareness, priority and value given to human life and environmental responsiveness;

- Ensure the management of incidence/emergency case occurring during business process interruptions and the flow of appropriate internal/external communication,
- Develop and continuously improve response and intervention plans in order to provide critical services in a non-interrupted manner to customers,
- Benefit from all resources in an effective and efficient way in circumstances when the personnel and other resources are limited,
- To mitigate the interruption period to the lowest level for the company, customers, suppliers and other stakeholders,
- Proceed to switching back to the normal working order in the most effective way after the rescue work conducted upon any possible interruption,
- Invest in the infrastructure of the company in such a way as to mitigate interruption possibilities,
- Mitigate the financial and reputational negative aspects of business interruptions.

Company employees are the key responsibility people in detecting the reasons of operational process interruptions, which they manage or are a part of, taking the necessary measures, and executing the business continuity plan, which they also contributed to the designation of, accurately and on time. Risk Management Department is responsible for coordinating the designing, reviewing and implementing of the business continuity plan across the company and has developed a corporate policy and guideline regarding the company wide business continuity management and planning with the support of the top management.

Confronting Future Risks

Due to our foreign currency positions as a result of buying raw materials mostly in USD and selling our products in different currencies such as Turkish Lira, Euro and USD, the fluctuations in the foreign currency exchanges become one of our main macro-economical risk factors. In order to manage this risk in the most appropriate way we use financial instruments and tools, which are designed according to the company profile and operations and are implemented within the "hedging" policy of the company in the most effective way. The implementation of these instruments and tools enables us to take early measures against the negative impact of the forex fluctuations.

Considering the fact that raw material costs comprise a major part of the overall product cost, it can be projected that the sudden fluctuations in raw material costs dramatically impact the profitability of the company. At times when volatility of the raw material prices are high and price movements are sharp there may be challenges (bottleneck, delay, postponement, recession, etc) in product supply. The impact of future sharp price changes and supply imbalances are minimized through the procurement of the specific amounts of raw materials with forward purchase and in appropriate prices within our company forward purchase policy including the close follow-up of and the detailed analysis of the international markets.

Internal Audit and Internal Control

The company has an internal audit and internal control mechanism. The internal audits and internal controls are carried out in order to execute company operations and services in an efficient, reliable and uninterrupted way, develop the risk management, control system and corporate management implementations of the company and contribute to achieving the corporate and economic targets, and ensure the uniformity, consistency and reliability of the information obtained from the accounting and financial reporting system.

The existence, operation and effectiveness of the internal audits and internal controls are carried out by the Audit Committee embodied to the Board. The Audit Committee undertakes the responsibilities assigned by the Board within the scope of the current internal regulation and submits its activities and recommendations pertaining to its work and responsibilities to the Chairman of the Board.

Moreover, in order to sustain the healthy functioning of the internal audit and internal control mechanisms, and as per the principle of independency, an Internal Audit Directorate, which is directly affiliated to the Board, carries out activities. The Audit Committee hold regular meetings with the Internal Audit Department in order to discuss the adequacy of the internal control system and reports its review to the Board.

An Internal Audit Department Regulation has been prepared explaining the position and independency of the Internal Audit Department within the organization and has come into effect upon the approval of the Audit Committee. In addition, the Audit Department has prepared and put into effect an Audit Guideline explaining its working model.

5.5 Strategic Targets of the Company

Brisa's mission, vision, values and policies are reviewed by the top management each year, and the strategic targets adopted in line with these elements are shared with the employees at the yearly meetings and announced on the Brisa web site.

Brisa's Mission; "Provide superior values to the society through sustainable growth."

Brisa's Vision; "To innovate your journey"

The strategic targets, which are determined by the Executive Board and in line with the mission and vision of Brisa are discussed and approved by the Board within the scope of budget and mid term plan meetings. Budget is planned once per annum together with drafting the 5 year mid term plan.

The strategy targets are specified within the scope of the topics below:

- Financial Outcomes
- Customer Experience
- Operational Excellency
- Human Resources and Organizational Development
- Information Systems
- Risk Management
- Corporate Governance
- Sustainability
- Innovation

In line with these approved targets all functions of the entire organization as well as each function specifically receives attained targets. All company employees carry out their work in line with the vision and strategic targets and associate them with their individual ones. Annual performance evaluation is conducted on these targets.

Strategic targets and performance indicators are monitored by software only tailored for this purpose and the Executive Committee hold a minimum of bi-monthly meetings in order to evaluate the company performance over the outputs of the software. Evaluations are done in a detailed manner in order to take necessary actions and decisions based upon continuous forecast analysis regarding the approximation or distance to the overall year-end targets and work is carried out in an attempt to achieve key performance indicators.

The level in achieving company targets, operations and term performances are reviewed at least four times per year during the Board meetings.

5.6. Financial Rights

The Board of Directors is responsible for achievement, by the Company, of its operational and financial performance targets that have been determined and disclosed to the public.

In accordance with the CMB's mandatory Corporate Governance Principle No 4.6.2; the criteria, which apply to all kinds of rights, benefits and remunerations provided to the Senior Management and the Board Members holding administrative responsibilities, and apply to determination of such rights, benefits and remunerations, and the principles of remuneration have, as a separate Article, been submitted for information of the shareholders, and the opportunity to declare opinions on these matters has been provided with the shareholders at the 2011 Shareholders' Ordinary General Assembly meeting held on 27 April 2012. In addition, the matters have been disclosed to the public, as contained in the Remuneration Policy published on the web site of the Company.

According to the Articles of Association; all kinds of remunerations, benefits and rights that will be provided to the Board Members are decided at the Ordinary General Assembly meetings. The remunerations, which are deemed acceptable by the shareholders and decided at the General Assembly meetings every year, are contained in the minutes of the meetings, and subsequently announced to the public. At the 2012 Shareholders' Ordinary General Assembly meeting held on 25 March 2013, it has been resolved that the monthly gross remuneration amounting to TL 3.000 shall be paid to the Board Members over the course of their terms of office.

As per the CMB's mandatory Corporate Governance Principle No 4.6.3; stock options or payment plans based on the Company's performance do not apply in the remuneration of the independent Board Members.

The rights, benefits and remunerations provided to the Senior Management are collectively contained in the footnotes of the financial statements pertaining to the relevant period. Within this scope, the sum of the salaries and remunerations paid in the twelve months' period ended on 31.12.2014 is 4.220 thousand Turkish Liras (2013: 3.914 thousand Turkish Liras).

In 2014, the Company has not advanced money, has not provided any loan facilities and has not extended credits (under the name of personal loan through a third party) or sureties (such as surety in favor) to any Board Members or the Senior Management.

PROPOSAL FOR PROFIT DISTRIBUTION

The company made a "Profit Before Tax" in the amount of TL 211.285.478,00 according to the financial statements for the period of 01.01.2014-31.12.2014 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 178.066.162,29 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 TL211.285.478,00 for the fiscal period 2014 calculated according to the CMB Regulation, is distributed as mentioned below.

First Dividend	TL	53.510.372,02
Second Dividend	TL	97.522.481,10
Total Gross Dividend	TL	151.032.853,12
Usufruct	TL	10.564.273,90
Secondary Legal Reserves	TL	14.634.128,33
Extraordinary Reserves	TL	1.834.906,94

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 131.617.389,27 of the gross dividend amounted to TL 151.032.853,12 to be distributed to the partners is covered from the Net Distributable Period Profit, and the part of TL19.415.463,85 is covered from Extraordinary Reserves,

So, it was unanimously resolved that for the fiscal year 2014, the gross amount of TL151.032.853,12 shall be paid to the shareholders representing TL 305.116.875,00 capital, in a proportion of 49,50 % as cash dividend, the gross amount of TL 10.564.273,90 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 proposal of distributing the dividend in cash as from March 25, 2015 is to be submitted for the approval of the Ordinary General Assembly Board Meeting to be held in March 23, 2015.



**BRISA BRIDGESTONE SABANCI
LASTİK SANAYİ VE TİCARET A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2014 TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("the Company"), which comprise the balance sheet as at 31 December 2014, 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Accounting Standards ("TAS"), 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

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 and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). 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

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 2014, and of its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January-31 December 2014 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

In accordance with paragraph four of the Article 398 of TCC, the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 26 February 2015.

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



Ömer Tanrıöver SMMM
Partner
İstanbul, 26 February 2015

CONTENTS	PAGE
BALANCE SHEET	93-94
STATEMENT OF PROFIT OR LOSS	95
STATEMENT OF COMPREHENSIVE INCOME	96
STATEMENT OF CHANGES IN EQUITY	97
STATEMENT OF CASH FLOWS	98
NOTES TO THE FINANCIAL STATEMENTS	99-156
1. ORGANIZATION AND OPERATIONS OF THE COMPANY	99
2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	99-113
3. CASH AND CASH EQUIVALENTS	114
4. FINANCIAL LIABILITIES	114-117
5. DERIVATIVE FINANCIAL INSTRUMENTS	117-118
6. TRADE RECEIVABLES AND PAYABLES	119-120
8. INVENTORIES	120-121
9. PREPAID EXPENSES AND DEFERRED INCOME	122
10. PROPERTY, PLANT AND EQUIPMENT	123-124
11. INTANGIBLE ASSETS	125
12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	126
13. COMMITMENTS	127-128
14. EMPLOYEE BENEFITS	129-130
15. OTHER ASSETS AND LIABILITIES	131
16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS	131
17. SALES AND COST OF GOODS SOLD	132
18. EXPENSES BY NATURE	132-133
19. OTHER OPERATING INCOME AND EXPENSES	133-134
20. INCOME AND EXPENSES FROM INVESTING ACTIVITIES	134
21. FINANCE EXPENSES	134
22. TAXATION ON INCOME	135-137
23. EARNINGS PER SHARE	138
24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES	138-142
25. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS	143-153
26. FINANCIAL INSTRUMENTS	154-156
27. EVENTS AFTER THE REPORTING PERIOD	156

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.**AUDITED BALANCE SHEET AT 31 DECEMBER 2014**

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

	Notes	Current Period 31 December 2014	Prior Period 31 December 2013
ASSETS			
Current Assets			
<i>Cash and Cash Equivalents</i>	3	9.847.319	7.968.100
<i>Trade Receivables</i>	6	532.639.876	454.204.141
<i>Trade Receivables From Related Parties</i>	24	22.680.281	20.367.562
<i>Trade Receivables From Third Parties</i>		509.959.595	433.836.579
<i>Other Receivables</i>	7	10.895.933	8.317.415
<i>Other Receivables From Related Parties</i>	24	1.433.134	2.068.975
<i>Other Receivables From Third Parties</i>		9.462.799	6.248.440
<i>Derivative Financial Instruments</i>	5	49.701.285	40.451.879
<i>Inventories</i>	8	313.952.942	281.133.660
<i>Prepaid Expenses and Deferred Income</i>	9	43.934.882	25.812.669
<i>Assets Related to Current Tax</i>	22	213.263	8.501.520
<i>Other Current Assets</i>	15	11.816.357	17.856.488
Total Current Assets		973.001.857	844.245.872
Non-Current Assets			
<i>Trade Receivables</i>	6	19.206.703	5.847.250
<i>Other Receivables</i>	7	100.421	98.415
<i>Property, Plant and Equipment</i>	10	565.233.002	502.422.151
<i>Intangible Assets</i>	11	40.349.839	34.194.851
<i>Prepaid Expenses</i>	9	14.648.234	6.504.391
<i>Deferred Tax Assets</i>	22	12.674.846	12.112.041
Total Non-Current Assets		652.213.045	561.179.099
TOTAL ASSETS		1.625.214.902	1.405.424.971

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.**AUDITED BALANCE SHEET AT 31 DECEMBER 2014**

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

	Notes	Current Period 31 December 2014	Prior Period 31 December 2013
LIABILITIES			
Current Liabilities			
Short-term Borrowings	4	218.835.396	241.519.501
Short-term Portion of Long Term Borrowings	4	30.386.055	7.168.174
Trade Payables	6	209.336.298	190.324.013
Trade Payables To Related Parties	24	54.299.758	58.731.786
Trade Payables To Third Parties		155.036.540	131.592.227
Payables Related to Employee Benefits	14	12.904.461	10.500.074
Other Payables	7	2.365.259	1.937.356
Other Payables To Related Parties	24	240.182	260.151
Other Payables To Third Parties		2.125.077	1.677.205
Derivative Financial Instruments	5	9.411.167	85.475
Deferred Income	9	7.461.097	5.598.618
Short-term Provisions		15.970.920	11.351.994
Short-term Provisions For Employee Benefits	14	12.659.931	8.246.313
Other Short-term Provisions	12	3.310.989	3.105.681
Total Current Liabilities		506.670.653	468.485.205
Non-Current Liabilities			
Long-term Borrowings	4	473.625.900	333.061.902
Deferred Income	9	1.649.449	1.130.662
Long-term Provisions		38.391.281	34.280.701
Long-term Provisions For Employee Benefits	14	38.391.281	34.280.701
Total Non-Current Liabilities		513.666.630	368.473.265
Total Liabilities		1.020.337.283	836.958.470
EQUITY			
Share Capital	16	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 (Losses) / Gains		(11.007.905)	10.897.923
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss			
Actuarial Losses		(3.546.159)	(2.434.992)
Restricted Reserves		66.032.094	48.631.690
Retained Earnings		6.972.485	6.916.230
Net Income For The Period		186.319.625	144.348.171
Total Equity		604.877.619	568.466.501
TOTAL LIABILITIES AND EQUITY		1.625.214.902	1.405.424.971

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
AUDITED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED
31 DECEMBER 2014

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

	Notes	1 January- 31 December 2014	1 January- 31 December 2013
<i>Sales</i>	17	1.693.497.624	1.489.491.658
<i>Cost of Sales (-)</i>	18	<u>(1.206.123.114)</u>	<u>(1.098.300.837)</u>
GROSS PROFIT		487.374.510	391.190.821
<i>General Administrative Expenses (-)</i>	18	(65.561.368)	(55.997.751)
<i>Marketing Expenses (-)</i>	18	(173.369.298)	(148.143.701)
<i>Research and Development Expenses (-)</i>	18	(14.632.689)	(13.917.700)
<i>Other Operating Income</i>	19	42.947.308	41.470.649
<i>Other Operating Expenses (-)</i>	19	<u>(13.024.886)</u>	<u>(9.485.454)</u>
OPERATING PROFIT		263.733.577	205.116.864
<i>Income From Investing Activities</i>	20	168.245	947.914
<i>Expenses From Investing Activities (-)</i>	20	<u>(453.277)</u>	<u>(392.222)</u>
PROFIT BEFORE FINANCIAL EXPENSES		263.448.545	205.672.556
<i>Financial Expenses (-)</i>	21	<u>(52.163.067)</u>	<u>(51.415.334)</u>
PROFIT BEFORE TAX		211.285.478	154.257.222
Taxation on Income		(24.965.853)	(9.909.051)
<i>Current Tax (Expense) / Income For The Period</i>	22	(19.774.409)	(21.926.849)
<i>Deferred Tax (Expense) / Income</i>	22	(5.191.444)	12.017.798
PROFIT FOR THE PERIOD		<u>186.319.625</u>	<u>144.348.171</u>
Earnings per share	23	0,549	0,427

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
AUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2014

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

	Current Period 1 January- 31 December 2014	Prior Period 1 January- 31 December 2013
PROFIT FOR THE PERIOD	186.319.625	144.348.171
OTHER COMPREHENSIVE INCOME:		
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss	<i>(1.111.167)</i>	-
<i>Actuarial Gains/ (Losses)</i>	<i>(1.388.959)</i>	-
<i>Deferred Tax Income</i>	<i>277.792</i>	-
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss	<i>(21.905.828)</i>	<i>11.539.136</i>
<i>Hedging Reserve Gains / (Losses)</i>	<i>(27.382.285)</i>	<i>14.423.920</i>
<i>Deferred Tax Income / (Expense)</i>	<i>5.476.457</i>	<i>(2.884.784)</i>
OTHER COMPREHENSIVE INCOME	(23.016.995)	11.539.136
TOTAL COMPREHENSIVE INCOME	163.302.630	155.887.307

BRISA BRIDGESTONE SABANCI LASTIK SANAYİ VE TİCARET A.Ş.
AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Share Capital	Adjustment To Share Capital	Share Premium	Hedging Reserve Gains/ (Losses)	Actuarial Gains (Losses) / Gains	Restricted Reserves	Retained Earnings		Net Income For The Shareholders' Equity
							Retained Earnings	For The Period	
Balances at 1 January 2013 (Beginning of the Period)	305.116.875	54.985.701	4.903	(641.213)	-	37.950.734	18.540	92.885.190	490.320.730
<i>Actuarial Losses</i>	-	-	-	-	(2.434.992)	-	-	2.434.992	-
Restated Balances at 1 January 2013 (Beginning of the Period)	305.116.875	54.985.701	4.903	(641.213)	(2.434.992)	37.950.734	18.540	95.320.182	490.320.730
<i>Transfers</i>	-	-	-	-	-	10.680.956	84.639.226	(95.320.182)	-
<i>Total Comprehensive Income</i>	-	-	-	11.539.136	-	-	-	144.348.171	155.887.307
<i>Dividends Paid (*)</i>	-	-	-	-	-	-	(77.741.536)	-	(77.741.536)
Balance at 31 December 2013 (Ending of the period)	305.116.875	54.985.701	4.903	10.897.923	(2.434.992)	48.631.690	6.916.230	144.348.171	568.466.501
Balances at 1 January 2014 (Beginning of the Period)	305.116.875	54.985.701	4.903	10.897.923	(2.434.992)	48.631.690	6.916.230	144.348.171	568.466.501
<i>Transfers</i>	-	-	-	-	-	17.400.404	126.947.767	(144.348.171)	-
<i>Total Comprehensive Income</i>	-	-	-	(21.905.828)	(1.111.167)	-	-	186.319.625	163.302.630
<i>Dividends Paid (*)</i>	-	-	-	-	-	-	(126.891.512)	-	(126.891.512)
Balance at 31 December 2014 (Ending of the period)	305.116.875	54.985.701	4.903	(11.007.905)	(3.546.159)	66.032.094	6.972.485	186.319.625	604.877.619

(*)Dividends paid by the Company per share with a TL 1 nominal value is TL 0,39060 (2013: TL 0,2360).

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
AUDITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2014

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

	<u>Notes</u>	<u>1 January- 31 December 2014</u>	<u>1 January- 31 December 2013</u>
Net Profit For The Period		186.319.625	144.348.171
Adjustments to Reconcile Profit for The Period		187.881.980	143.534.252
<i>Adjustments Related to Depreciation and Amortization Expenses</i>	10,11	94.420.754	78.506.615
<i>Adjustment Related to Provisions</i>		3.026.732	2.624.916
<i>Provisions for Employee Benefits</i>	14	16.714.051	12.128.537
<i>Lawsuit Provision</i>	12	1.696.771	1.282.053
<i>Adjustments Related to Retirement Pay Provision</i>	14	6.309.033	6.987.859
<i>Adjustments Related to Doubtful Receivables</i>	6	492.551	-
<i>Interest Income</i>	19	(109.767)	(34.656)
<i>Interest Expense</i>	21	52.792.467	41.005.134
<i>Unrealized Foreign Exchange Losses / (Gains)</i>		2.445.603	5.612.368
<i>(Gains) / Losses From Derivative Financial Instruments</i>		(9.789.070)	(10.277.936)
<i>Adjustments Related to Tax Expense / Income</i>	22	24.965.853	9.909.051
<i>Losses / (Gain) On Sale of Properties, Net</i>	20	285.032	(555.692)
<i>Finance (income) / expense accruals from credit purchases / sales (net)</i>		(5.368.030)	(3.653.997)
Changes In Working Capital		(128.433.377)	(29.519.737)
<i>Adjustments Related to Increase / Decreases in Inventory</i>		(25.247.714)	(29.658.158)
<i>Adjustments Related to Increase / Decreases in Trade Receivables</i>		(89.787.106)	(21.017.248)
<i>Adjustments Related to Increase / Decreases in Other Receivables Related to Operations</i>		(22.902.489)	(29.939.459)
<i>Adjustments Related to Increase / Decreases in Trade Payables</i>		18.945.839	47.482.315
<i>Adjustments Related to Increase / Decreases in Other Payables Related to Operations</i>		(9.441.907)	3.612.813
Cash Flows From Operating Activities		(17.131.570)	(37.222.660)
<i>Interest Received</i>	19	109.767	34.656
<i>Taxes Paid / Reimbursed</i>		(11.445.640)	(32.491.409)
<i>Paid / Reversed Provisions</i>	12	(996.113)	(1.210.126)
<i>Paid / Reversed Lawsuit Provisions</i>	12	(1.212.172)	(486.657)
<i>Retirement Benefits Paid</i>	14	(3.587.412)	(3.069.124)
A. NET CASH GENERATED FROM OPERATING ACTIVITIES		228.636.658	221.140.026
<i>Proceeds From Sale of Property, Plant and Equipment and Intangible Assets</i>		219.304	1.097.821
<i>Payments For Property, Plant and Equipment and Intangible Assets</i>	10,11	(168.166.800)	(110.564.852)
<i>Cash Inflow / (Outflows) from Derivative Instruments</i>		6.493.253	14.857.883
B. CASH FLOWS FROM INVESTING ACTIVITIES		(161.454.243)	(94.609.148)
<i>Proceeds From Borrowings</i>		113.800.756	2.113.767
<i>Cash Used for Repayment of Obligations Under Finance Leases</i>		(1.230.021)	(1.022.982)
<i>Dividends Paid</i>		(126.891.512)	(77.741.536)
<i>Interest Paid</i>		(50.982.419)	(52.800.438)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(65.303.196)	(129.451.189)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)		1.879.219	(2.920.311)
Cash and Cash Equivalents at the Beginning of the Period		7.968.100	10.888.411
Cash and Cash Equivalents at the End of the Period		9.847.319	7.968.100

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

1. ORGANIZATION 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 2.431 (2013: 1.818). This number includes 1.893 employees who are subject to Collective Bargaining Agreement terms (2013: 1.361), and 531 employees who are not subject to these terms (2013: 450). There are 7 foreign employees (2013: 7). In addition, there are no employees who are subject to definite-term employment contracts (2013:2).

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: 8
4. Levent 34330 Beşiktaş / İstanbul

The financial statements for the period 1 January - 31 December 2014 have been approved for issue by the Board of Directors on 26 February 2015 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 (“TAS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(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)

Additionally, the financial statements and disclosures are presented in accordance with the formats published by CMB on 7 June 2013.

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value. 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 ("TL"), 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 policies for the period 1 January - 31 December 2014.

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 2014. 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 2014.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

2.4 New and Revised Turkish Financial Reporting Standards

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

None.

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

<i>Amendments to TFRS 10, 12, TAS 27</i>	<i>Investment Entities¹</i>
<i>Amendments to TAS 32</i>	<i>Offsetting Financial Assets and Financial Liabilities¹</i>
<i>Amendments to TAS 36</i>	<i>Recoverable Amount Disclosures for Non-Financial Assets¹</i>
<i>Amendments to TAS 39</i>	<i>Novation of Derivatives and Continuation of Hedge Accounting¹</i>
<i>TFRS Yorum 21</i>	<i>Levies¹</i>
<i>TMS 21 (Değişiklikler)</i>	<i>The Effects of Changes in Foreign Exchange Rates²</i>

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

² Effective after the amendment published 12 November 2014.

Amendments to TFRS 10, 12, TAS 27 Investment Entities

This amendment with the additional provisions of TFRS 10 provide “investment entities” (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to TAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to TAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”.

Amendments to TAS 36 Recoverable Amount Disclosures for Non-Financial Assets

As a consequence of TFRS 13 Fair Value Measurements, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 has been changed.

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

TFRS Interpretation 21 Levies

TFRS Interpretation 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

2.4 New and Revised Turkish Financial Reporting Standards (TAS) (Cont'd)

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

Ammendments to TAS 21 The Effects of Changes in Foreign Exchange Rates

Article B, paragraph 39 of TAS 21 Effects of Changes in Foreign Exchange Rates has been changed as it is explained below:

“(b) Income and expenses in each statement presenting the profit or loss and other comprehensive income (including the comparative amounts) are converted in the foreign exchange rate of the transaction date.

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:

TFRS 9 Amendments to TFRS 9 and TFRS 7 Amendments to TAS 19	<i>Financial Instruments Mandatory Effective Date of TFRS 9 and Transition Disclosures Defined Benefit Plans: Employee Contributions ¹</i>
Annual Improvements to 2010-2012 Cycle	<i>TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24¹</i>
Annual Improvements to 2011-2013 Cycle Amendments to TAS 16 and TAS 38	<i>TFRS 1, TFRS 3, TFRS 13, TAS 40 ¹ Clarification of Acceptable Methods of Depreciation and Amortisation ²</i>
Amendments to TAS 16 and TAS 41 Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	<i>Agriculture: Bearer Plants ²</i>
Amendments to TFRS 11 and TFRS 1	<i>Investment Entities: Applying the Consolidation Exception ²</i>

¹ Effective for annual periods beginning on or after 30 June 2014.

² Effective for annual periods beginning on or after 31 December 2015.

TFRS 9 Financial Instruments

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

On November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017. This revision has not been published by POA yet.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

2.4 New and Revised Turkish Financial Reporting Standards (Cont’d)

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

Amendments to TAS 19 Defined Benefit Plans: Employee Contributions

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements to 2010-2012 Cycle

TFRS 2: Amends the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”

TFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

TFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

TFRS 13: Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

TAS 16 and TAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

TAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

TFRS 3: Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

TFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

TAS 40: Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

2.4 New and Revised Turkish Financial Reporting Standards (Cont'd)

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

Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 *Agriculture: Bearer Plants*

This amendment include “bearer plants” within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

These amendments on TAS 16 and TAS 41 caused revisions on related parts of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 respectively.

Amendments to TFRS 11 and TFRS 1 *Accounting for Acquisition of Interests in Joint operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TFRSs, except for those principles that conflict with the guidance in TFRS 11
- disclose the information required by TFRS 3 and other TFRSs for business combinations.

This amendment on TFRS 11 caused revisions on related parts of TFRS 1.

The Company evaluates the effects of these standards on the consolidated financial statements.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

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 revenue

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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 8). Net realizable 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 10). 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
<i>Land improvements</i>	10
<i>Buildings</i>	25
<i>Machinery and equipment</i>	8
<i>Motor vehicles</i>	5
<i>Furniture and fixtures</i>	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.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

2.5 Significant Accounting Policies (Cont'd)

2.5.3 Property, plant and equipment (Cont'd)

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.

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.

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 11).

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.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.5 Significant Accounting Policies (Cont'd)

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 3).

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 4). 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 1 year 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 6).

2.5.8 Due date income / (charges)

Due date income / (charges) represents the income / (charges) that are resulting from credit purchase or sales. These income / (charges) are considered as financial income and expenses which result from credit purchase or sales during the period and included in other operating income / (expense) throughout 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.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

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.

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.

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.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

2.5 Significant Accounting Policies (Cont’d)

2.5.10 Borrowings and borrowing costs

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 4).

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 6).

Those with maturities greater than 1 year 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.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

2.5 Significant Accounting Policies (Cont’d)

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 14).

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 and cross currency swap 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 transactions is recognised in the statement of profit or loss. Amounts previously recognised in other comprehensive income are transferred to the statement of profit or loss 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 cross currency swap transactions is recognised in other comprehensive income (Note 5).

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 23).

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

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

2.5.1 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 24).

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 3).

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.

2.5.23 Events after the 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.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

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 are reclassified to conform to changes in presentation in the current period.

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 that may lead to corrections in the book value of 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 10 - 11).

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 6).

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 utilized. As discussed in Note 22, 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 utilized a reduced corporate tax amounting to TL 3.595.455 for the years ended 31 December 2010-2013 and TL 4.277.283 for the year ended 31 December 2014. The Company estimates to utilize TL 115.914.071 reduced corporate tax in the future. In addition to this, as the Company estimates to utilize 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 22) in year 2013, whereas the Company utilized a reduced corporate tax of TL 12.858.509 for the period 1 January – 31 December 2014.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

2.6 Critical Accounting Judgments, Estimates and Assumptions

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 12).

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 nonderivative 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 5).

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

3. CASH AND CASH EQUIVALENTS

	<i>31 December</i> <u>2014</u>	<i>31 December</i> <u>2013</u>
<i>Banks</i>	9.847.319	7.968.100
<i>Demand deposits</i>	9.847.319	7.968.100
	<u>9.847.319</u>	<u>7.968.100</u>

Nature and extent of the risks on cash and cash equivalents are described below the note 25. Demand deposits comprise collections from direct debiting system (DDS) and cheques kept for under current accounts based on agreements made with banks.

4. FINANCIAL LIABILITIES

	<i>31 Aralık</i> <u>2014</u>	<i>31 Aralık</i> <u>2013</u>
<i>Short-term bank borrowings</i>	218.739.445	240.312.683
<i>Short-term financial lease obligations</i>	95.951	1.206.818
Total short-term financial liabilities	<u>218.835.396</u>	<u>241.519.501</u>
Short-term portion of long term bank borrowings	<u>30.386.055</u>	<u>7.168.174</u>
<i>Long-term bank borrowings</i>	473.625.900	332.979.900
<i>Long-term financial lease obligations</i>	-	82.002
Total long-term financial liabilities	<u>473.625.900</u>	<u>333.061.902</u>
Total financial liabilities	<u>722.847.351</u>	<u>581.749.577</u>

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 2014**

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

4. FINANCIAL LIABILITIES (Cont'd)**Bank borrowings**

	31 December 2014		31 December 2013	
	Weighted average effective interest rate %	TL	Weighted average effective interest rate %	TL
Short-term bank borrowings				
<i>TL denominated borrowings</i>	8,79	218.739.445	7,37	240.312.683
		218.739.445		240.312.683
Short-term portion of long-term borrowings				
<i>TL denominated borrowings</i>	9,54	21.945.100	9,54	2.934.045
<i>Euro denominated borrowings</i>	-	21.684	-	20.066
<i>USD denominated borrowings</i>	-	8.419.271	-	4.214.063
		30.386.055		7.168.174
Total short-term borrowings		249.125.500		247.480.857
Long-term bank borrowings				
<i>TL denominated borrowings</i>	-	-	9,54	20.010.600
<i>Euro denominated borrowings</i>	2,05	42.310.500	2,05	44.047.500
<i>USD denominated borrowings (*)</i>	0,76	431.315.400	0,87	268.921.800
		473.625.900		332.979.900
Total long-term borrowings		473.625.900		332.979.900
Total borrowings		722.751.400		580.460.757

(*) Foreign currency denominated borrowings are hedged by cross currency swap transactions (Note 5).

Redemption schedules of borrowings are summarised below:

	<i>31 December 2014</i>	<i>31 December 2013</i>
2014	-	247.480.857
2015	249.125.500	20.010.600
2016	56.223.900	56.853.300
2017	278.268.000	256.116.000
2018	139.134.000	-
	722.751.400	580.460.757

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

4. 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 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.

b) 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.

c) 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.

d) 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.

e) USD 40 million borrowing has been used on 24 March 2014 , with a maturity of 4 years and a once in a six month interest installment of USLibor+0,295 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 89.280.000, once in a three month interest installment over 11,9 % rate and the USD exchange rate to TL 2,232.

f) USD 20 million borrowing has been used on 30 November 2014, with a maturity of 4 years and a once in a six month interest installment of USLibor+0,295 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 44.700.000, once in a three month interest installment over 11,9 rate and the USD exchange rate to TL 2,235.

g) TL 50 million borrowing spot borrowing has been used on 21 November 2014 with a 6 months maturity. Annual interest rate of the borrowing is 8,55 %.

h) TL 50 million borrowing spot borrowing has been used on 21 November 2014 with a 1 year maturity. Annual interest rate of the borrowing is 8,80 %.

i) TL 60 million borrowing spot borrowing has been used on 24 December 2014 with a 1 year maturity. Annual interest rate of the borrowing is 8,90 %.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

4. FINANCIAL LIABILITIES (Cont’d)

Financial lease obligations

Repayment schedule of financial lease obligations are as follows:

	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2013</u>
<i>Less than 3 months</i>	95.951	291.938
<i>Between 3 - 12 months</i>	-	914.880
<i>Between 1 - 5 years</i>	-	82.002
	95.951	1.288.820

5. DERIVATIVE FINANCIAL INSTRUMENTS

	<u>31 December 2014</u>		<u>31 December 2013</u>	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange forward contracts	857.951	237.022	8.323.104	85.475
Cross currency and interest swaps	48.843.334	9.174.145	32.128.775	-
	49.701.285	9.411.167	40.451.879	85.475

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 2014, the Company’s various forward contracts’ maturities extend to 15 September 2015 with a total of Euro 4.900.000 selling and US Dollar 6.098.610 buying (31 December 2013: Euro 40.200.000 selling/ US Dollar 55.356.230 buying) purposes and has an average Euro/USD parity of 1,2446 (31 December 2013: 1,3770), causing an asset of TL 314.548 (31 December 2013: TL 93.724 asset).

As of 31 December 2014, the Company’s various forward contracts’ maturities extend to 30 December 2015 with a total of TL 416.124.050 selling and US Dollar 172.500.000 buying (31 December 2013: TL 168.985.840 selling/ US Dollar 80.100.000 buying) purposes and has an average USD foreign exchange rate of 2,4123 (31 December 2013: 2,1097), causing an asset of TL 543.403 and TL 187.412 liability (31 December 2013: of TL 8.229.380 and TL 85.475 liability).

As of 31 December 2014, the Company’s various forward contracts’ maturities extend to 15 January 2015 with a total of TL 3.175.700 selling and Euro 1.100.000 buying (31 December 2013: none) purposes and has an average Euro foreign exchange rate of 2,8870 (31 December 2013: none), causing an TL 49.610 liability (31 December 2013: none).

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

5. 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 2014, Company has a total asset of TL 33.872.164 arising from this swap transaction. (31 December 2013: TL 26.278.266 asset)

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% while the USD foreign exchange rate is fixed TL 2,0000. As of 31 December 2014, Company has a total asset of TL 5.860.035 arising from this swap transaction. (31 December 2013 : TL 1.381.242 asset)

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 2014, Company has a total asset of TL 4.454.548 arising from this swap transaction. (31 December 2013 : TL 1.501.689 Asset)

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 4.656.587 arising from this swap transaction. (31 December 2013: TL 2.967.578 Asset)

In order to mitigate the floating interest rate and foreign currency risk of the 4 year-term USD 40 million amounting borrowing used on 24 March 2014 which has an interest instalment in every 6 months period and has a USLibor+0,295 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 89.280.000 and the interest rate to 11,9 % with a once in a 6 month interest installment while the USD foreign exchange rate is fixed to TL 2,2320. As of 31 December 2014, Company has a total liability of TL 6.351.604 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 30 April 2014 which has an interest instalment in every 6 months period and has a USLibor+0,295 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 44.700.000 and the interest rate to 11,9 % with a once in a 6 month interest installment while the USD foreign exchange rate is fixed to TL 2,2350. As of 31 December 2014, Company has a total asset of TL 2.822.541 arising from this swap transaction.

Quoted prices in markets for similar instruments are used as a basis in valuation of derivative instruments. During the current period, TL 9.789.070 (2013: TL 10.277.936 income) income has been accounted for relating with the derivative financial instruments that are due.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

6. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

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

<i>Short-term trade receivables</i>	<i>31 December 2014</i>	<i>31 December 2013</i>
<i>Trade receivables</i>	503.610.114	432.190.639
<i>Notes receivable</i>	19.797.517	12.893.426
<i>Trade receivables from related parties (Note 24)</i>	22.680.281	20.367.562
<i>Unearned credit finance income</i>	(5.669.430)	(3.838.561)
<i>Doubtful receivables provision (-)</i>	(7.778.606)	(7.408.925)
	<u>532.639.876</u>	<u>454.204.141</u>
<i>Long-term trade receivables</i>	<i>31 December 2014</i>	<i>31 December 2013</i>
<i>Trade receivables</i>	19.206.703	5.847.250
	<u>19.206.703</u>	<u>5.847.250</u>

As of 31 December 2014 and 2013, the maturities of trade receivables are 72 days on average and they are discounted with average annual interest rates of 8,88% and 7,19%, respectively.

As of 31 December 2014, the trade receivables amounting to TL 22.373.805 (2013: TL 24.198.104) were past due but not impaired. The aging of these receivables as of 31 December 2014 and 2013 is as follows:

	<i>31 December 2014</i>	<i>31 December 2013</i>
<i>Between 0 - 1 months</i>	16.000.091	17.215.333
<i>Between 1 - 3 months</i>	2.134.348	2.947.242
<i>Between 3 - 12 months</i>	4.239.366	4.035.529
	<u>22.373.805</u>	<u>24.198.104</u>

As of 31 December 2014, the trade receivables amounting to TL 7.778.606 (2013: TL 7.408.925) were impaired and provided for.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

6. TRADE RECEIVABLES AND PAYABLES (Cont'd)

Movements in provision for doubtful receivables as of 31 December 2014 and 2013 are as follows:

	<i>1 January- 31 December 2014</i>	<i>1 January- 31 December 2013</i>
<i>Opening balance</i>	7.408.925	7.105.724
<i>Period charge</i>	598.198	303.201
<i>Collections</i>	(228.517)	-
<i>Closing balance</i>	7.778.606	7.408.925

Trade Payables

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

	<i>31 December 2014</i>	<i>31 December 2013</i>
<i>Short-term trade payables</i>	209.336.298	190.324.013
<i>Trade payables</i>	155.337.940	131.776.791
<i>Trade payables to related parties (Note 24)</i>	54.299.758	58.731.786
<i>Unrealised credit finance expense</i>	(301.400)	(184.564)

As of 31 December 2014 and 2013, the maturities of trade payables are 43 and 40 days on average and they are discounted with average annual interest rates of 8.88% and 7,19% respectively. The Company has financial risk management policy in order to manage the maturity structure of liabilities.

7. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	<i>31 December 2014</i>	<i>31 December 2013</i>
<i>Other Short-term Receivables</i>	10.895.933	8.317.415
<i>Other receivables from related parties (Note 24)</i>	1.433.134	2.068.975
<i>Receivables from tax office</i>	4.234.533	2.875.056
<i>Due from personnel</i>	4.553.940	1.847.037
<i>Restricted cash</i>	-	1.350.000
<i>Other</i>	674.326	176.347

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

7. OTHER RECEIVABLES AND PAYABLES (Cont'd)

<i>Other Long-term Receivables</i>	<i>31 December</i> <i>2014</i>	<i>31 December</i> <i>2013</i>
<i>Deposits and guarantees given</i>	100.421	98.415
	100.421	98.415

Other Payables

<i>Other Short-term Payables</i>	<i>31 December</i> <i>2014</i>	<i>31 December</i> <i>2013</i>
<i>Other payables to public authorities</i>	2.125.077	1.677.205
<i>Other payables to related parties (Note 24)</i>	240.182	260.151
	2.365.259	1.937.356

8. INVENTORIES

	<i>31 December</i> <i>2014</i>	<i>31 December</i> <i>2013</i>
<i>Raw materials</i>	46.048.334	37.578.582
<i>Materials and supplies</i>	44.970.465	39.522.354
<i>Semi-finished goods</i>	16.315.788	15.286.499
<i>Finished goods</i>	81.850.405	74.950.011
<i>Trade goods</i>	63.816.961	41.261.816
<i>Goods in transit</i>	60.950.989	71.287.096
<i>Other inventories</i>	-	1.247.302
	313.952.942	281.133.660

The foreign exchange gain arising from derivative financial instruments amounting to TL7.553.556 has been deducted from inventories during the year and as of 31 December 2014, TL 946,323 is included in inventories (2013: Respectively TL 22.807.029 foreign exchange gain and year-end TL 4.242.020 gain).

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

9. PREPAID EXPENSES AND DEFERRED INCOME

<i>Short-term Prepaid Expenses</i>	<i>31 December 2014</i>	<i>31 December 2013</i>
<i>Advances given to dealers (*)</i>	37.104.504	21.871.012
<i>Prepaid expenses</i>	5.071.987	3.029.384
<i>Advances given to suppliers</i>	1.758.391	912.273
	<u>43.934.882</u>	<u>25.812.669</u>

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

<i>Long-term Prepaid Expenses</i>	<i>31 December 2014</i>	<i>31 December 2013</i>
<i>Advances given for fixed assets</i>	11.264.722	6.504.391
<i>Prepaid expenses</i>	3.383.512	-
	<u>14.648.234</u>	<u>6.504.391</u>

<i>Short-term Deferred Income</i>	<i>31 December 2014</i>	<i>31 December 2013</i>
<i>Advances received</i>	5.023.213	5.305.363
<i>Deferred income</i>	2.437.884	293.255
	<u>7.461.097</u>	<u>5.598.618</u>

<i>Long-term Deferred Income</i>	<i>31 December 2014</i>	<i>31 December 2013</i>
<i>Deferred income</i>	1.649.449	1.130.662
	<u>1.649.449</u>	<u>1.130.662</u>

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 2014**

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

10. PROPERTY, PLANT AND EQUIPMENT

	1 January 2014	Additions	Transfers	Disposals	31 December 2014
Cost					
<i>Land and land improvements</i>	16.234.945	-	191.900	(136.657)	16.290.188
<i>Buildings</i>	229.150.190	134.369	5.261.362	-	234.545.921
<i>Machinery and equipment</i>	1.253.049.349	404.910	111.725.411	(1.942.973)	1.363.236.697
<i>Motor vehicles</i>	4.076.661	274.706	231.119	(45.008)	4.537.478
<i>Furniture and fixtures</i>	47.920.087	5.383.635	3.267.358	(1.194.096)	55.376.984
<i>Other fixed assets</i>	32.956.374	11.994.513	2.676.041	(66.898)	47.560.030
<i>Construction in progress</i>	45.782.008	138.451.826	(128.272.939)	-	55.960.895
	1.629.169.614	156.643.959	(4.919.748)	(3.385.632)	1.777.508.193
Accumulated depreciation					
<i>Land and land improvements</i>	10.389.653	167.620	-	-	10.557.273
<i>Buildings</i>	132.825.557	7.815.995	-	-	140.641.552
<i>Machinery and equipment</i>	950.833.001	70.798.553	-	(1.942.973)	1.019.688.581
<i>Motor vehicles</i>	2.648.641	458.320	-	(45.008)	3.061.953
<i>Furniture and fixtures</i>	18.400.428	4.598.999	-	(853.595)	22.145.832
<i>Other fixed assets</i>	11.650.183	4.569.537	-	(39.720)	16.180.000
	1.126.747.463	88.409.024	-	(2.881.296)	1.212.275.191
Net book value	502.422.151	68.234.935	(4.919.748)	(504.336)	565.233.002

In the year ended 31 December 2014, TL 70.690.214 of the depreciation expense is charged to “cost of goods sold”, TL 1.468.486 is charged to “research and development expenses”, TL 9.740.109 is charged to “selling and marketing costs”, TL 2.318.350 charged to general administrative expenses” and TL 4.191.865 of the depreciation expense is charged to “inventories”.

As of 31 December 2014 there are no mortgages on property, plant and equipment and intangible assets (2013: None).

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

	1 January 2013	Additions	Transfers	Disposals	31 December 2013
Cost					
<i>Land and land improvements</i>	16.449.248	-	-	(214.303)	16.234.945
<i>Buildings</i>	219.810.129	-	9.712.885	(372.824)	229.150.190
<i>Machinery and equipment</i>	1.133.789.512	61.061	121.723.164	(2.524.388)	1.253.049.349
<i>Motor vehicles</i>	3.666.587	798.671	3.294	(391.891)	4.076.661
<i>Furniture and fixtures</i>	36.111.504	4.427.496	7.414.334	(33.247)	47.920.087
<i>Other fixed assets</i>	21.820.373	10.394.798	753.072	(11.869)	32.956.374
<i>Construction in progress</i>	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					
<i>Land and land improvements</i>	10.226.993	162.660	-	-	10.389.653
<i>Buildings</i>	125.894.251	7.153.373	-	(222.067)	132.825.557
<i>Machinery and equipment</i>	891.255.877	62.003.885	-	(2.426.761)	950.833.001
<i>Motor vehicles</i>	2.649.064	352.234	-	(352.657)	2.648.641
<i>Furniture and fixtures</i>	14.884.062	3.521.027	-	(4.661)	18.400.428
<i>Other fixed assets</i>	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”, TL 1.383.043 is charged to “research and development expenses”, TL 6.893.920 is charged to “selling and marketing costs”, TL 1.883.305 is charged to general administrative expenses” and TL 5.185.008 of the depreciation expense is charged to “inventories”.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 2014**

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

11. INTANGIBLE ASSETS

	1 January 2014	Additions	Transfers	31 December 2014
Cost				
<i>Rights</i>	52.980.869	10.539.722	-	63.520.591
<i>Other intangible assets</i>	34.080.430	983.119	4.919.748	39.983.297
	87.061.299	11.522.841	4.919.748	103.503.888
Accumulated depreciation				
<i>Rights</i>	33.721.045	6.365.691	-	40.086.736
<i>Other intangible assets</i>	19.145.403	3.921.910	-	23.067.313
	52.866.448	10.287.601	-	63.154.049
Net book value	34.194.851	1.235.240	4.919.748	40.349.839

In the year ended 31 December 2014, TL 1.416.671 of the amortisation expense is charged to “cost of goods sold”, TL 38.272 is charged to “research and development expenses”, TL 6.997.185 is charged to “selling and marketing costs”, TL 1.751.467 expense is charged to “general administrative expenses” and TL 84.006 is included in “inventories”.

	1 January 2014	Additions	Transfers	31 December 2013
Cost				
<i>Rights</i>	46.994.762	5.644.627	341.480	52.980.869
<i>Other intangible assets</i>	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				
<i>Rights</i>	28.431.783	5.289.262	-	33.721.045
<i>Other intangible assets</i>	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”, TL 112.227 is charged to “research and development expenses”, TL 5.550.557 is charged to “selling and marketing costs”, TL 766.291 expense is charged to “general administrative expenses” and TL 94.970 is included in “inventories”.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

	<i>31 December</i>	<i>31 December</i>
<i>Short-term provisions</i>	<i>2014</i>	<i>2013</i>
<i>Provision for lawsuits (i)</i>	2.356.947	1.872.348
<i>Provision for warranty claims (ii)</i>	487.633	625.069
<i>Other</i>	466.409	608.264
	3.310.989	3.105.681

(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.

Movements of provisions during the period are as follows:

	<i>Sales discount</i>		<i>Warranty</i>		<i>Total</i>
	<i>premium</i>	<i>Lawsuits</i>	<i>Claims</i>	<i>Other</i>	
1 January 2014	-	1.872.348	625.069	608.264	3.105.681
<i>Additions</i>	-	1.696.771	686.734	30.088	2.413.593
<i>Payments/ reversals</i>	-	(1.212.172)	(824.170)	(171.943)	(2.208.285)
31 December 2014	-	2.356.947	487.633	466.409	3.310.989
	<i>Sales discount</i>		<i>Warranty</i>		<i>Total</i>
	<i>premium</i>	<i>Lawsuits</i>	<i>Claims</i>	<i>Other</i>	
1 January 2013	298.000	1.076.952	713.503	808.210	2.896.665
<i>Additions</i>	-	1.282.053	583.518	40.228	1.905.799
<i>Payments/ reversals</i>	(298.000)	(486.657)	(671.952)	(240.174)	(1.696.783)
31 December 2013	-	1.872.348	625.069	608.264	3.105.681

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

13. COMMITMENTS

<i>Guarantees Received</i>	<i>31 December 2014</i>	<i>31 December 2013</i>
<i>Direct debiting system limits</i>	<i>231.503.287</i>	<i>226.669.173</i>
<i>Letter of guarantees received</i>	<i>176.586.499</i>	<i>141.374.299</i>
<i>Export insurance</i>	<i>34.979.501</i>	<i>41.401.237</i>
<i>Mortgages</i>	<i>31.299.299</i>	<i>38.189.334</i>
<i>Cheques and notes receivables received as guarantee</i>	<i>11.216.265</i>	<i>13.610.855</i>
<i>Letter of credit</i>	<i>2.535.103</i>	<i>933.289</i>
<i>Export factoring</i>	<i>1.798.050</i>	<i>1.755.700</i>
<i>Payment guarantees obtained from banks</i>	<i>6.406.524</i>	<i>8.868.900</i>
<i>Foreign currency blockage received as guarantee</i>	<i>1.705.981</i>	<i>859.820</i>
	<u>498.030.509</u>	<u>473.662.607</u>

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.

BRISA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2014

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

13.COMMITMENTS (Cont'd)

Collaterals, Pledges and Mortgages given by the Company:

As of 31 December 2014 and 2014 collaterals, pledges and mortgages ("CPM") given by the Company is as follows:

CPM given by the Company	2014			2013		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
A. Total of CPMs given on behalf of own legal personality	TL	10.830.242	10.830.242	TL	10.381.397	10.381.397
	USD	589.634	1.367.302	USD	1.340.666	2.861.383
	Euro	2.024.780	5.711.297	Euro	2.024.780	5.945.766
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	-	-	-	-	-	-
			17.908.841			19.188.546

The ratio of other CPM to equity is 0% (2013: 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.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 2014**

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

14. EMPLOYEE BENEFITS**Payables related to employee benefits**

	<i>31 December</i> <i>2014</i>	<i>31 December</i> <i>2013</i>
<i>Accrued salaries and wages</i>	2.312.199	2.001.170
<i>Accrued social security premiums</i>	5.316.568	4.097.875
<i>Withholding personnel income tax</i>	5.275.694	4.331.587
<i>Accrued private pension premiums</i>	-	69.442
	12.904.461	10.500.074

Short-term provisions for employee benefits

	<i>31 December</i> <i>2014</i>	<i>31 December</i> <i>2013</i>
<i>Bonus accruals</i>	9.572.668	5.780.000
<i>Unused vacation pay provision</i>	3.087.263	2.466.313
	12.659.931	8.246.313

	<i>Bonus</i> <i>accruals</i>	<i>Unused</i> <i>vacation pay</i>	<i>Total</i>
1 January 2014	5.780.000	2.466.313	8.246.313
<i>Addition</i>	9.572.668	7.141.383	16.714.051
<i>Payments/Cancellations</i>	(5.780.000)	(6.520.433)	(12.300.433)
31 December 2014	9.572.668	3.087.263	12.659.931
	<i>Bonus</i> <i>accruals</i>	<i>Unused</i> <i>vacation pay</i>	<i>Total</i>
1 January 2013	3.671.315	1.863.416	5.534.731
<i>Addition</i>	5.780.000	6.348.537	12.128.537
<i>Payments/Cancellations</i>	(3.671.315)	(5.745.640)	(9.416.955)
31 December 2013	5.780.000	2.466.313	8.246.313

Provision for retirement pay liability:

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

The amount payable consists of one month's salary limited to a maximum of TL 3.438,22 for each period of service at 31 December 2014 (31 December 2013: TL 3.254,44).

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.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

14. EMPLOYEE BENEFITS (Cont’d)

Provision for retirement pay liability (cont’d):

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 2014, the provision has been calculated by estimating the present value of the future probable obligation 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 used in the calculation of the total liability as these actuarial assumptions are detailed below:

	31 December 2014	31 December 2013
Discount rate (%)	3,30	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 3.541,37 effective from 1 January 2015 (1 January 2014: 3.438,22) has been taken into consideration in calculation of provision from employee termination benefits.

The movement of employee termination benefits is as follows:

	<i>1 January- 31 December 2014</i>	<i>1 January- 31 December 2013</i>
<i>1 January</i>	<i>34.280.701</i>	<i>30.361.966</i>
<i>Service cost</i>	<i>5.177.770</i>	<i>5.894.828</i>
<i>Interest cost</i>	<i>1.131.263</i>	<i>1.093.031</i>
<i>Actuarial loss</i>	<i>1.388.959</i>	<i>-</i>
<i>Payments during the year</i>	<i>(3.587.412)</i>	<i>(3.069.124)</i>
<i>31 December</i>	<u>38.391.281</u>	<u>34.280.701</u>

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 2014**

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

15. OTHER ASSETS AND LIABILITIES

<u>Other Current Assets</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
Deferred VAT	11.591.874	17.856.488
Other current assets	224.483	-
	11.816.357	17.856.488

16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS**Paid-in capital**

The Company's authorised and issued capital consists of 30.511.687.500 shares at Kr 1 nominal value each (2013: 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 2014 and 2013 are as follows:

Shareholders	(%)	2014	(%)	2013
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 2014 profit reserves comprise the legal reserves amounting to TL 66.032.094 (2013: TL 48.631.690).

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

	<u>31 December 2014</u>	<u>31 December 2013</u>
Restricted reserves	66.032.094	48.631.690
Net income for the period	186.319.625	144.348.171
Retained earnings	6.972.485	6.916.230
Total equity	259.324.204	199.896.091

Dividend Distribution:

Public companies distribute profit in accordance with Profit Share Communiqué no II-19.1 issued by CMB effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of associations.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

17. SALES AND COST OF GOODS SOLD

	1 January- 31 December 2014	1 January- 31 December 2013
Revenue		
<i>Sales</i>	1.945.231.020	1.711.248.863
<i>Sales returns (-)</i>	(10.533.343)	(6.404.958)
<i>Sales discounts (-)</i>	(200.125.423)	(180.481.896)
<i>Other sales discounts (-)</i>	(41.074.630)	(34.870.351)
Net sales	1.693.497.624	1.489.491.658
Cost of sales	(1.206.123.114)	(1.098.300.837)
Gross profit	487.374.510	391.190.821

18. EXPENSES BY NATURE

	1 January- 31 December 2014	1 January- 31 December 2013
<i>Raw materials used</i>	723.901.910	655.039.057
<i>Personnel expenses</i>	236.497.535	201.899.957
<i>Cost of trade goods sold</i>	148.960.618	151.405.125
<i>Depreciation and amortization</i>	94.420.754	78.506.615
<i>Production overheads</i>	94.409.961	72.211.348
<i>Advertisement expenses</i>	69.050.801	61.065.661
<i>Royalty expenses</i>	20.351.965	18.260.286
<i>Transportation and storage expenses</i>	12.528.580	9.265.641
<i>Communication and information technology expenses</i>	7.854.839	6.721.347
<i>Insurance expenses</i>	2.699.395	3.324.076
<i>Energy expenses</i>	2.578.380	2.795.034
<i>Claims for defective tires</i>	1.797.297	1.901.523
<i>Change in finished goods</i>	(4.239.051)	8.615.397
<i>Change in work in progress</i>	(4.116.783)	(406.159)
<i>Other</i>	52.990.268	45.755.081
	1.459.686.469	1.316.359.989

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 2014**

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

18. EXPENSES BY NATURE (Cont’d)

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

	1 January- 31 December 2014	1 January- 31 December 2013
Depreciation and amortization expenses		
<i>Cost of sales</i>	72.106.885	61.917.272
<i>Marketing, selling and distribution expenses</i>	16.737.294	12.444.477
<i>General administrative expenses</i>	4.069.817	2.649.596
<i>Research and development expenses</i>	1.506.758	1.495.270
	94.420.754	78.506.615

	1 January- 31 December 2014	1 January- 31 December 2013
Personnel expenses		
<i>Cost of sales</i>	174.865.722	149.518.624
<i>General administrative expenses</i>	27.363.642	24.001.271
<i>Marketing, selling and distribution expenses</i>	24.926.857	20.710.247
<i>Research and development expenses</i>	9.341.314	7.669.815
	236.497.535	201.899.957

19. OTHER OPERATING INCOME AND EXPENSES

Details of other operating income for years ended 31 December 2014 ve 2013 are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
<i>Finance income on credit sales</i>	28.046.726	22.701.049
<i>Interest income on credit sales</i>	9.307.355	4.715.486
<i>Interest income</i>	109.767	34.656
<i>Foreign exchange gains on operations, net (*)</i>	-	10.028.368
<i>Other income</i>	5.483.460	3.991.090
	42.947.308	41.470.649

(*) The amount consists of the foreign exchange gains and losses resulting from trade receivables and payables.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

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

Details of other operating expenses for years ended 31 December 2014 ve 2013 are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
<i>Due date expenses on trade payables</i>	7.000.153	4.088.526
<i>Foreign exchange losses on operations, net (*)</i>	2.264.161	-
<i>Loss from derivative financial instruments, net</i>	606.182	2.753.015
<i>Other expenses</i>	3.154.390	2.643.913
	13.024.886	9.485.454

(*) The amount consists of the foreign exchange gains and losses resulting from trade receivables and payables

20. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January- 31 December 2014	1 January- 31 December 2013
Income from Investing Activities		
<i>Gain on sale of property, plant and equipment</i>	168.245	947.914
	168.245	947.914

	1 January- 31 December 2014	1 January- 31 December 2013
Expenses from Investing Activities		
<i>Loss on sale of property, plant and equipment</i>	453.277	392.222
	453.277	392.222

21. FINANCIAL EXPENSES

	1 January- 31 December 2014	1 January- 31 December 2013
<i>Interest expenses on borrowings</i>	52.755.737	40.937.722
<i>Foreign currency losses / (gains) on borrowings, net</i>	(629.400)	10.410.200
<i>Interest expenses of financial leasing</i>	36.730	67.412
	52.163.067	51.415.334

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

22. TAXATION ON INCOME

Corporate tax

	<i>31 December</i> <i>2014</i>	<i>31 December</i> <i>2013</i>
<i>Corporate tax payable</i>	19.774.409	21.926.849
<i>Less: Prepaid taxes (*)</i>	<u>(19.774.409)</u>	<u>(21.926.849)</u>
	<u> -</u>	<u> -</u>

(*) As of 31 December 2014 and 31 December 2013, the exceeding prepaid corporate tax amount of TL 213.263 and TL 8.501.520 is accounted for under Assets Related to Current Tax.

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company’s results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2014 is 20% (2013: 20%) for the Company.

	<i>1 January-</i> <i>31 December</i> <i>2014</i>	<i>1 January-</i> <i>31 December</i> <i>2013</i>
<i>Current period corporate tax expense</i>	19.774.409	21.926.849
<i>Deferred tax expense / (income)</i>	5.191.444	(12.017.798)
	<u>24.965.853</u>	<u>9.909.051</u>

Current period tax reconciliation for the years ended 31 December 2014 and 2013 is as follows:

	<i>1 January-</i> <i>31 December</i> <i>2014</i>	<i>1 January-</i> <i>31 December</i> <i>2013</i>
<u>Current tax provision reconciliation:</u>		
<i>Profit before taxation on income</i>	211.285.478	154.257.222
<i>Income tax rate 20% (2013: 20%)</i>	(42.257.096)	(30.851.444)
<i>Tax effect:</i>		
<i>- non-taxable income</i>	531.206	465.227
<i>- non-deductible expenses</i>	(375.755)	(386.856)
<i>- reduced corporate tax (Note 2)</i>	17.135.792	20.864.022
Tax expense	<u>(24.965.853)</u>	<u>(9.909.051)</u>

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

22. TAXATION ON INCOME (Cont'd)

Deferred tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TMS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TMS and tax purposes and they are given below.

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 (2013: 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 2014 and 2013 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred income tax assets/ liabilities	
	<i>31 December 2014</i>	<i>31 December 2013</i>	<i>31 December 2014</i>	<i>31 December 2013</i>
Deferred tax assets				
<i>Provision for employment termination benefits</i>	38.391.281	34.280.701	7.678.256	6.856.140
<i>Allowance for doubtful receivables</i>	4.101.636	4.101.636	820.327	820.327
<i>Trade receivables</i>	4.252.432	2.934.778	850.486	586.956
<i>Derivative instruments</i>	63.461.167	85.475	12.692.233	17.095
<i>Provision for unused vacation liability</i>	3.087.263	2.466.313	617.453	493.263
<i>Provision for bonus provision</i>	9.572.668	5.780.000	1.914.534	1.156.000
<i>Provision for lawsuits</i>	2.356.947	1.872.348	471.389	374.470
<i>Provision for warranty claims</i>	487.633	625.069	97.527	125.014
<i>Inventories</i>	-	5.099.907	-	1.019.981
<i>Investment incentive (Note 2)</i>	-	-	13.377.449	13.377.449
	125.711.027	57.246.227	38.519.654	24.826.695
Deferred tax liabilities				
<i>Property, plant and equipment</i>	76.562.099	49.680.823	15.312.420	9.936.165
<i>Inventories</i>	2.659.253	-	531.851	-
<i>Trade payables</i>	301.400	184.564	60.280	36.913
<i>Derivative instruments</i>	49.701.285	13.707.879	9.940.257	2.741.576
	129.224.037	63.573.266	25.844.808	12.714.654
Deferred tax assets, net			12.674.846	12.112.041

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

22. TAXATION ON INCOME (Cont'd)

Deferred tax (cont'd)

The movements in deferred income tax assets / (liabilities) for the years ended 31 December 2014 and 2013 are as follows:

	<i>1 January- 31 December 2014</i>	<i>1 January- 31 December 2013</i>
<i>Opening as of 1 January</i>	<i>12.112.041</i>	<i>2.979.027</i>
<i>Recognised in profit or loss statement</i>	<i>(5.191.444)</i>	<i>12.017.798</i>
<i>Recognised in equity</i>	<i>5.754.249</i>	<i>(2.884.784)</i>
<i>Closing as of 31 December</i>	<u>12.674.846</u>	<u>12.112.041</u>

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 utilized reduced corporate tax amounting to TL 3.595.455 for the years ended between 31 December 2010 and 2013 and TL 4.277.283 for the year ended 31 December 2014.

The Company estimates to utilize TL 115.914.071 reduced corporate tax in the future. In addition to this, as the Company estimates to utilize 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. The Company utilized reduced corporate tax amounting to TL 12.858.509 for the year ended 31 December 2014.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

23. 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.

	<i>31 December</i>	<i>31 December</i>
	<u>2014</u>	<u>2013</u>
<i>Total number of ordinary shares</i>	30.511.687.500	30.511.687.500
<i>Net profit</i>	186.319.625	144.348.171
<i>Legal reserves</i>	8.253.463	6.236.836
<i>Earnings per usufruct shares (TL)</i>	105.643	77.129
<i>Earnings per ordinary shares (TL)</i>	0,549	0,427

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from related parties as of 31 December 2014 mostly consist of sales transactions and have average maturity of 43 days (2013: 39).

Due to related parties as of 31 December 2014 mostly consist of purchase transactions and have average maturity of 44 days (2013: 37). No interest is charged for payables.

Balances with related parties	<i>31 December 2014</i>			
	<u>Receivables</u>		<u>Payables</u>	
	<u>Short-term</u>		<u>Short-term</u>	
	<u>Trade</u>	<u>Non-trade</u>	<u>Trade</u>	<u>Non-trade</u>
<u>Shareholders</u>				
<i>Bridgestone Corporation</i>	8.600.173	1.055.652	7.453.609	208.851
<u>Other related parties</u>				
<i>Bridgestone Singapore Pte. Ltd.</i>	-	-	17.352.599	-
<i>Bridgestone (Shenyang) Steel Cord</i>	-	-	5.277.959	-
<i>Kordsa Global End.İpk Kord Bezi San.Tic.A.Ş.</i>	-	-	12.705.545	23.523
<i>Enerjisa Enerji Üretim A.Ş.</i>	-	-	5.097.316	-
<i>Temsa Global San.ve Tic. A.Ş.</i>	2.703.304	-	36.992	-
<i>Birlas Mot.Spor Otom.San.İmal. ve Tic.Ltd.Şti.</i>	4.020.890	-	10.423	-
<i>Bridgestone Europe S.A/N.V.</i>	-	376.818	1.455.153	-
<i>Akbank T.A.Ş</i>	6.974.501	-	-	-
<i>Other</i>	381.413	664	4.910.162	7.808
	<u>22.680.281</u>	<u>1.433.134</u>	<u>54.299.758</u>	<u>240.182</u>

Due from Akbank T.A.Ş. consists of credit card receivables.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

Balances with related parties	<i>31 December 2013</i>			
	<i>Receivables</i>		<i>Payables</i>	
	<i>Short-term</i>		<i>Short-term</i>	
	<i>Trade</i>	<i>Non-trade</i>	<i>Trade</i>	<i>Non-trade</i>
Shareholders				
<i>H.Ö. Sabancı Holding A.Ş.</i>	-	-	7.270	-
<i>Bridgestone Corporation</i>	12.864.031	1.998.076	1.853.801	203.929
Other related parties				
<i>Bridgestone Singapore Pte. Ltd.</i>	-	-	28.392.271	-
<i>Bridgestone (Shenyang) Steel Cord</i>	-	-	4.945.884	-
<i>Kordsa Global End.İpk Kord Bezi San.Tic.A.Ş.</i>	-	-	13.285.684	19.777
<i>Enerjisa Enerji Üretim A.Ş.</i>	-	-	5.334.565	-
<i>Temsa Global San.ve Tic. A.Ş.</i>	2.088.985	-	-	-
<i>Birlas Mot.Spor Otom.San.İmal. ve Tic.Ltd.Şti.</i>	5.218.281	-	10.423	-
<i>Akbank T.A.Ş.</i>	46.990	-	-	-
<i>Other</i>	149.275	70.899	4.901.888	36.445
	20.367.562	2.068.975	58.731.786	260.151

	<i>1 January- 31 December 2014</i>	<i>1 January- 31 December 2013</i>
Sales of finished goods and commercial goods		
Shareholders		
<i>Bridgestone Corporation</i>	123.327.683	89.101.410
Other related parties		
<i>Birlas Mot.Spor Otom.San.İmal. ve Tic.Ltd.Şti.</i>	10.797.695	11.548.876
<i>Temsa Global San.ve Tic. A.Ş.</i>	7.462.247	5.252.494
<i>Other</i>	542.394	423.940
	142.130.019	106.326.720
Other sales		
Shareholders		
<i>Bridgestone Corporation</i>	2.663.652	2.993.779
Other related parties		
<i>Other</i>	762.410	178.895
	3.426.062	3.172.674

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	1 January- 31 December 2014	1 January- 31 December 2013
Purchases of Raw Materials and Semi Finished Goods		
Shareholders		
<i>Bridgestone Corporation</i>	2.740.960	2.868.182
Other related parties		
<i>Bridgestone Singapore Pte. Ltd.</i>	183.265.709	210.006.631
<i>Kordsa Gİb End. İpl. Kordbezi San. Tic. A.Ş.</i>	52.749.614	45.280.492
<i>Bridgestone (Shenyang) Steel Cord Co.</i>	20.016.507	15.877.166
<i>Bridgestone (Huizhou) Synthetic Rubco. Ltd.</i>	10.234.111	11.184.468
<i>Firestone Polymers, LLC.</i>	6.582.956	8.241.456
<i>Bridgestone Carbon Black Co. Ltd.</i>	1.574.185	1.657.420
<i>Other</i>	1.719.530	3.472.275
	278.883.572	298.588.090
Purchases of finished goods and commercial goods		
Shareholders		
<i>Bridgestone Corporation</i>	91.378.222	114.548.800
Other related parties		
<i>Bridgestone Europe SA./N.V.</i>	58.311.735	29.463.719
<i>Enerjisa Enerji Üretim A.Ş.</i>	42.942.607	40.578.580
<i>Other</i>	243.070	3.097.512
	192.875.634	187.688.611
Purchase of services		
Shareholders		
<i>Bridgestone Corporation</i>	4.986	470.890
<i>H. Ö. Sabancı Holding A.Ş.</i>	234.041	152.009
Other related parties		
<i>Aksigorta A.Ş.</i>	9.312.483	8.056.411
<i>Vista Turizm ve Seyahat A.Ş.</i>	7.130.531	3.262.579
<i>Bimsa Uluslararası İş. Bilgi ve Yön. Sis. A.Ş.</i>	6.744.712	5.893.532
<i>Lasder Lastik San. Derneği İktisadi İşletmesi</i>	5.751.949	4.582.161
<i>Other</i>	3.761.213	3.231.025
	32.939.915	25.648.607

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 2014**

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

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	1 January- 31 December 2014	1 January- 31 December 2013
Rent expense		
Shareholders		
<i>H. Ö. Sabancı Holding A.Ş.</i>	288.816	276.432
Other related parties		
<i>Exsa Export Sanayi Mamulleri A.Ş.</i>	357.600	-
<i>Teknosa İç ve Dış Ticaret A.Ş.</i>	32.554	29.904
<i>Aksigorta A.Ş.</i>	11.358	42.300
<i>Temsa Global San.ve Tic. A.Ş.</i>	-	338.085
	690.328	686.721
Purchase of fixed assets		
Shareholders		
<i>Bridgestone Corporation</i>	11.023.127	1.895.932
Other related parties		
<i>Bimsa Uluslararası İş. Bilgi ve Yön. Sis. A.Ş.</i>	2.826.383	2.672.115
<i>Bridgestone Plant Eng.</i>	2.277.775	2.616.767
<i>Other</i>	1.020.356	2.146.831
	17.147.641	9.331.645
Commission expense (Sales premium and Royalty)		
Shareholders		
<i>Bridgestone Corporation</i>	20.351.965	18.260.286
Other related parties		
<i>Birlas Mot.Spor Otom.San.İmal. ve Tic.Ltd.Şti.</i>	567.922	2.104.896
<i>Other</i>	40.930	7.550
	20.960.817	20.372.732

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

	<i>31 December</i> <i>2014</i>	<i>31 December</i> <i>2013</i>
Demand deposits		
<i>Akbank T.A.Ş.</i>	<i>6.622.797</i>	<i>5.555.103</i>
	<u>6.622.797</u>	<u>5.555.103</u>
Financial liabilities		
<i>Akbank T.A.Ş.</i>	<i>3.870.756</i>	<i>2.934.617</i>
	<u>3.870.756</u>	<u>2.934.617</u>
Advances given		
<i>Vista Turizm ve Seyahat A.Ş.</i>	<i>646.198</i>	<i>279.050</i>
<i>Birlas Mot.Spor Otom.San.İmal. ve Tic.Ltd.Şti.</i>	<i>-</i>	<i>502.424</i>
	<u>646.198</u>	<u>781.474</u>
Guarantees received		
<i>Birlas Mot.Spor Otom.San.İmal. ve Tic.Ltd.Şti.</i>	<i>805.608</i>	<i>2.990.000</i>
<i>Other</i>	<i>-</i>	<i>205.000</i>
	<u>805.608</u>	<u>3.195.000</u>
	<i>1 January-</i> <i>31 December</i> <i>2014</i>	<i>1 January-</i> <i>31 December</i> <i>2013</i>
Finance income		
<i>Akbank T.A.Ş.</i>	<i>70.335</i>	<i>-</i>
	<u>70.335</u>	<u>-</u>
Finance expenses		
<i>Akbank T.A.Ş.</i>	<i>376.912</i>	<i>1.877.432</i>
	<u>376.912</u>	<u>1.877.432</u>

Key management personnel include members of the board of directors, executive board members. The compensation of key management are as follows; Salary, pensions, insurances, rent and relocation expenses, vehicle rents, fuel and cell phones etc. The remuneration of key managements for the year ended 31 December 2014 and 2013 are as follows:

Key management compensation:	<i>1 January-</i> <i>31 December</i> <i>2014</i>	<i>1 January-</i> <i>31 December</i> <i>2013</i>
<i>Salaries and other short-term benefits</i>	<i>4.117.653</i>	<i>3.810.573</i>
<i>Employment termination benefits</i>	<i>15.135</i>	<i>20.349</i>
<i>Other long-term benefits</i>	<i>86.755</i>	<i>82.671</i>
	<u>4.219.543</u>	<u>3.913.593</u>

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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 Budget and Finance Directorship 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.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Liquidity risk (cont'd)

As of 31 December 2014 and 2013, liquidity risk analysis of the financial liabilities of the Company is as follows:

31 December 2014

Contractual maturities	<i>Carrying value</i>	<i>Contractual cash flows</i>	<i>Less than 3 months</i>	<i>3 - 12 months</i>	<i>1 - 5 years</i>	<i>Over 5 years</i>
Non-derivative financial liabilities						
<i>Financial liabilities</i>	722.751.400	791.412.783	147.382.260	123.752.472	520.278.051	-
<i>Financial lease obligations</i>	95.951	96.701	96.701	-	-	-
<i>Trade payables</i>	209.336.298	209.637.698	209.637.698	-	-	-
<i>Other payables</i>	78.742.467	78.742.467	35.614.474	3.087.263	40.040.730	-
Total liabilities	1.010.926.116	1.079.889.649	392.731.133	126.839.735	560.318.781	-

Contractual maturities	<i>Carrying value</i>	<i>Contractual cash flows</i>	<i>Less than 3 months</i>	<i>3 - 12 months</i>	<i>1 - 5 years</i>	<i>Over 5 years</i>
<i>Derivative cash outflows</i>	620.929	620.929	435.511	185.418	-	-
	620.929	620.929	435.511	185.418	-	-

31 December 2013

Contractual maturities	<i>Carrying value</i>	<i>Contractual cash flows</i>	<i>Less than 3 months</i>	<i>3 - 12 months</i>	<i>1 - 5 years</i>	<i>Over 5 years</i>
Non-derivative financial liabilities						
<i>Financial liabilities</i>	580.460.757	612.125.449	6.771.650	267.315.432	338.038.367	-
<i>Financial lease obligations</i>	1.288.820	1.328.611	306.518	919.553	102.540	-
<i>Trade payables</i>	190.324.013	190.508.577	190.508.577	-	-	-
<i>Other payables</i>	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	-

Contractual maturities	<i>Carrying value</i>	<i>Contractual cash flows</i>	<i>Less than 3 months</i>	<i>3 - 12 months</i>	<i>1 - 5 years</i>	<i>Over 5 years</i>
<i>Derivative cash inflows</i>	8.237.629	8.237.629	2.489.963	5.747.666	-	-
	8.237.629	8.237.629	2.489.963	5.747.666	-	-

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

25. 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 2014 and 2013 is as follows:

	<i>31 December 2014</i>	<i>31 December 2013</i>
Financial instruments with fixed interest rate		
<i>Financial liabilities</i>	<i>629.995.400</i>	<i>499.023.296</i>
Financial instruments with floating interest rate		
<i>Financial liabilities</i>	<i>92.756.000</i>	<i>81.437.461</i>

At 31 December 2014, 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 435.987 (2013: TL 54.873) 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.

(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 2014 and 2013 are as follows:

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Market risk (cont'd)

Foreign currency position table

	31 December 2014				
	TL Equivalent (Functional currency)	US Dollar	Euro	JPY	GBP
<i>Cash and cash equivalents</i>	6.427.497	1.733.511	778.955	481.870	55.932
<i>Trade receivables</i>	25.097.392	4.648.920	4.048.666	-	805.578
<i>Trade receivables from related parties</i>	8.700.271	-	3.084.437	-	-
<i>Other receivables from related parties</i>	1.539.402	428.639	179.773	-	10.663
<i>Prepaid expenses</i>	1.628.197	243.244	374.680	288.837	470
Current Assets	43.392.759	7.054.314	8.466.511	770.707	872.643
<i>Trade receivables</i>	34.669	13.845	-	-	713
<i>Prepaid expenses</i>	331.445	-	-	-	92.168
Non-Current Assets	366.114	13.845	-	-	92.881
Total Assets	43.758.873	7.068.159	8.466.511	770.707	965.524
<i>Trade payables</i>	27.432.812	3.763.318	6.490.111	9.980.348	57.370
<i>Trade payables to related parties</i>	2.602.876	1.102.508	13.466	428.318	-
<i>Other payables to related parties</i>	208.950	43	-	10.794.990	-
<i>Deferred income</i>	4.932.444	1.675.030	314.809	-	44.558
<i>Short-term portion of long-term bank borrowings</i>	8.440.955	3.630.718	7.688	-	-
<i>Short-term bank borrowings</i>	95.951	-	34.017	-	-
Current Liabilities	43.713.988	10.171.617	6.860.091	21.203.656	101.928
<i>Long-term bank borrowings</i>	473.625.900	186.000.000	15.000.000	-	-
<i>Long-term financial lease obligations</i>	-	-	-	-	-
Non-Current Liabilities	473.625.900	186.000.000	15.000.000	-	-
Total Liabilities	517.339.888	196.171.617	21.860.091	21.203.656	101.928
Net Foreign Currency Position	(473.581.015)	(189.103.458)	(13.393.580)	(20.432.949)	863.596
<i>Total foreign currency amount of off-balance sheet derivative financial assets (*)</i>	425.805.619	183.623.968	-	-	-
<i>Total foreign currency amount of off-balance sheet derivative financial liabilities(*)</i>	-	-	-	-	-
Net foreign currency position of derivative financial instruments	425.805.619	183.623.968	-	-	-
Net foreign currency asset/(liability) position	(47.775.396)	(5.479.490)	(13.393.580)	(20.432.949)	863.596

(*) As of 31 December 2014, 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 4.900.000 Euro selling/ USD buying, 1.100.00 Euro buying/TL selling and amounting to USD 172.500.000 USD buying/ TL selling.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

25. 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
<i>Cash and cash equivalents</i>	4.437.784	1.848.580	162.473	79.888	3.885
<i>Trade receivables</i>	39.673.515	5.420.486	8.145.391	-	1.192.012
<i>Trade receivables from related parties</i>	12.906.983	-	4.395.363	-	-
<i>Other receivables from related parties</i>	2.069.494	913.718	40.642	-	-
<i>Prepaid expenses</i>	331.247	5.881	107.967	-	470
Current Assets	59.419.023	8.188.665	12.851.836	79.888	1.196.367
<i>Trade receivables</i>	32.053	13.845	-	-	713
<i>Prepaid expenses</i>	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
<i>Trade payables</i>	7.179.442	889.277	1.697.579	5.514.745	52.671
<i>Trade payables to related parties</i>	3.986.149	1.709.553	80.555	4.987.396	-
<i>Other payables to related parties</i>	235.702	43	10.789	10.080.004	-
<i>Deferred income</i>	4.682.968	1.845.135	253.668	-	-
<i>Short-term portion of long-term bank borrowings</i>	4.234.127	1.974.447	6.833	-	-
<i>Short-term financial lease obligations</i>	1.206.819	-	410.972	-	-
Current Liabilities	21.525.207	6.418.455	2.460.396	20.582.145	52.671
<i>Long-term bank borrowings</i>	312.969.300	126.000.000	15.000.000	-	-
<i>Long-term financial lease obligations</i>	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
<i>Total foreign currency amount of off-balance sheet derivative financial assets (*)</i>	260.311.110	121.965.567	-	-	-
<i>Total foreign currency amount of off-balance sheet derivative financial liabilities(*)</i>	-	-	-	-	-
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.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

25. 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 2014

	<i>Profit / Loss</i>	
	<i>Appreciation of foreign currency</i>	<i>Depreciation of foreign currency</i>
<i>Change in USD against TL by 10%</i>		
1 - USD net asset / liability	(43.851.201)	43.851.201
2- Hedged USD (-)	42.580.563	(42.580.563)
3- USD net effect (1+2)	<u>(1.270.638)</u>	<u>1.270.638</u>
<i>Change in Euro against TL by 10%</i>		
4 - Euro net asset / liability	(3.777.927)	3.777.927
5 - Hedged Euro (-)	-	-
6- Euro net effect (4+5)	<u>(3.777.927)</u>	<u>3.777.927</u>
<i>Change in other currencies against TL by 10%</i>		
7- Other currencies net asset / liability	271.026	(271.026)
8- Hedged other currencies (-)	-	-
9-Other currencies net effect (7+8)	<u>271.026</u>	<u>(271.026)</u>
TOTAL (3 + 6 +9)	<u>(4.777.539)</u>	<u>4.777.539</u>

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 2014**

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

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)*(b) Market risk (cont'd)***Foreign currency sensitivity analyze table****31 December 2013**

	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
<i>Change in USD against TL by 10%</i>		
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
<i>Change in Euro against TL by 10%</i>		
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
<i>Change in other currencies against TL by 10%</i>		
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

Forward contracts

Outstanding forward contracts	Average rate / Parity		Foreign currency		Contractual value		Fair value	
	2014 TL	2013 TL	2014	2013	2014 TL	2013 TL	2014 TL	2013 TL
TL Selling / USD Buying								
Less than 3 months	2,3415	2,0608	50.700.000	25.200.000	118.711.690	51.947.180	388.100	2.451.684
Between 3 - 6 months	2,3895	2,0994	38.400.000	22.500.000	91.758.380	47.229.720	84.494	2.286.214
More than 6 months	2,4659	2,1608	83.400.000	32.400.000	205.653.980	69.808.940	(116.603)	3.406.007
TL Selling /Euro Buying								
Less than 3 months	2,8870	-	1.100.000	-	3.175.700	-	(49.610)	-
EURO Selling / USD Buying								
Less than 3 months	1,2444	1,3771	1.500.000	12.900.000	1.866.570	17.764.910	97.021	38.279
Between 3 - 6 months	1,2446	1,3766	2.900.000	13.200.000	3.609.460	18.171.460	186.059	17.557
More than 6 months	1,2452	1,3773	500.000	14.100.000	622.580	19.419.860	31.468	37.888
							620.929	8.237.629

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

25. 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.

BRISA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)
(d) Credit risk (cont'd)

As of 31 December 2014, the credit risk regarding the financial instruments is as follows:

	Credit risk regarding the financial instruments					
	Trade Receivables			Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits	Derivative Financial Instruments
31 December 2014						
Maximum credit risk based on financial instruments as of reporting date	22.680.281	509.959.595	1.433.134	5.228.266	9.847.319	857.951
- Collateralized or secured with guarantees part of maximum credit risk	805.608	497.224.901	-	-	-	-
A. Net book value of not due or not impaired financial assets	16.447.747	487.585.790	1.433.134	5.228.266	9.847.319	857.951
B. Net book value of past due but not impaired financial assets	6.232.534	22.373.805	-	-	-	-
- Collateralized or guaranteed part	805.608	24.040.172	-	-	-	-
C. Net book value of impaired financial assets	-	7.778.606	-	-	-	-
- Gross amount of overdue part	-	(7.778.606)	-	-	-	-
- Impairment (ç)	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-
- Gross amount of not due part	-	-	-	-	-	-
- Impairment (ç)	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-
D. Off-balance sheet items comprising credit risk	-	-	-	-	-	-

BRISA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2014

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

25. 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					
	Trade Receivables			Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits	Derivative Financial Instruments
31 December 2013						
Maximum credit risk based on financial instruments as of reporting date	20,367,562	433,836,579	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	470,672,607	-	-	-	-
A. Net book value of not due or not impaired financial assets	16,231,205	409,638,475	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 (1)	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-
- Gross amount of not due part	-	-	-	-	-	-
- Impairment (1)	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-
D. Off-balance sheet items comprising credit risk	-	-	-	-	-	-

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

25. 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 threemonths 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:

	<i>31 December</i> <i>2014</i>	<i>31 December</i> <i>2013</i>
<i>Between 0 - 1 months</i>	<i>22.209.562</i>	<i>21.351.690</i>
<i>Between 1 - 3 months</i>	<i>2.157.411</i>	<i>2.947.242</i>
<i>Between 3 - 12 months</i>	<i>4.239.366</i>	<i>4.035.529</i>
	<u><i>28.606.339</i></u>	<u><i>28.334.461</i></u>

(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 2014 and 2013 Net debt/equity+net debt rates are as follows:

	<i>31 December</i> <i>2014</i>	<i>31 December</i> <i>2013</i>
Capital risk management		
<i>Total liabilities</i>	<i>1.020.337.283</i>	<i>836.958.470</i>
<i>Cash and cash equivalents</i>	<i>9.847.319</i>	<i>7.968.100</i>
<i>Net debt</i>	<i>1.010.489.964</i>	<i>828.990.370</i>
<i>Equity</i>	<i>604.877.619</i>	<i>568.466.501</i>
<i>Equity+Net debt</i>	<u><i>1.615.367.583</i></u>	<u><i>1.397.456.871</i></u>
<i>Net debt / (Equity+Net debt)</i>	<i>0,63</i>	<i>0,59</i>

BRISA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 2014**

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

26. 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 2014						
Financial assets						
Cash and cash equivalents	9.847.319	-	-	-	9.847.319	3
Trade receivables	529.166.298	-	-	-	529.166.298	6
Receivables from related parties	24.113.415	-	-	-	24.113.415	6
Other receivables	5.228.266	-	-	-	5.228.266	7
Derivative financial assets	-	-	-	49.701.285	49.701.285	5
	568.355.298			49.701.285	618.056.583	
Financial liabilities						
Financial liabilities	-	-	722.847.351	-	722.847.351	4
Trade payables	-	-	155.036.540	-	155.036.540	6
Payables to related parties	-	-	54.539.940	-	54.539.940	6
Derivative financial liabilities	-	-	-	9.411.167	9.411.167	5
			932.423.831	9.411.167	941.834.998	
31 December 2013						
Financial assets						
Cash and cash equivalents	7.968.100	-	-	-	7.968.100	3
Trade receivables	439.683.829	-	-	-	439.683.829	6
Receivables from related parties	22.436.537	-	-	-	22.436.537	6
Other receivables	3.373.384	-	-	-	3.373.384	7
Derivative financial assets	-	-	-	40.451.879	40.451.879	5
	473.461.850			40.451.879	513.913.729	
Financial liabilities						
Financial liabilities	-	-	581.749.577	-	581.749.577	4
Trade payables	-	-	131.592.227	-	131.592.227	6
Payables to related parties	-	-	58.991.937	-	58.991.937	6
Derivative financial liabilities	-	-	-	85.475	85.475	5
			772.333.741	85.475	772.419.216	

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

26. 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 4)

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.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014

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

26. 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 2014	31 December 2013				
Forward contracts	620.929	8.237.629	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	39.669.189	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.	-	-

27. EVENTS AFTER THE REPORTING PERIOD

None.

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