

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE THREE MONTH PERIODS ENDED 31 MARCH

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 23 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

23.1 Cash and Cash Equivalents

As at 31 March 2017 and 31 December 2016, Group's cash balances at related party banks are as follows:

	<u>31 March 2017</u>	<u>31 December 2016</u>
Garanti Bankası – time deposits	27,500	19,000
Garanti Bankası – credit card receivables	19,251	16,920
Garanti Bankası – demand deposits	13,020	21,752
Total	<u>59,771</u>	<u>57,672</u>

As at 31 March 2017, effective interest rate on TL denominated time deposits at T.Garanti Bankası is 6.75% (31 December 2016: 6.75%). As at 31 March 2017, maturity of time deposits is 3 days (31 December 2016: 1 day).

23.2 Financial Liabilities

As at 31 March 2017 and 31 December 2016, Group's financial borrowings used from related parties are as follows;

	<u>31 March 2017</u>	<u>31 December 2016</u>
Garanti Bankası	125,626	205,491
Garanti Bank International NV.	21,862	18,088
Total	<u>147,488</u>	<u>223,579</u>

As at 31 March 2017, effective interest rate on TL denominated financial borrowings at Garanti Bankası is 13.20% (31 December 2016: between 13.20% -14.50%) and CHF denominated financial borrowing at Garanti Bank International NV. is 2.75% (31 December 2016: 2.00%).

23.3 Due from Related Parties

As at 31 March 2017 and 31 December 2016, trade receivables from related parties comprise the following:

23.3.1 Due from associates

	<u>31 March 2017</u>	<u>31 December 2016</u>
Yüce Auto	209	887
VDF	9	1,238
Doğuş Teknoloji	-	29
Other	1	3
Total	<u>219</u>	<u>2,157</u>

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NOTE 23 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)**23.3 Due from Related Parties (Continued)****23.3.2 Due from joint ventures**

	<u>31 March 2017</u>	<u>31 December 2016</u>
TÜVTURK	-	7
Total	<u>-</u>	<u>7</u>

23.3.3 Due from other related parties

	<u>31 March 2017</u>	<u>31 December 2016</u>
VDF Faktoring Hizmetleri A.Ş. (“VDF Faktoring”)	475,661	723,684
Garanti Filo Yönetim Hizmetleri A.Ş. (“Garanti Filo Yönetim”)	303	55,395
VDF Sigorta Aracılık Hizmetleri A.Ş.	706	724
VDF Filo Kiralama A.Ş.	1	17,303
Other	100	100
Total	<u>476,771</u>	<u>797,206</u>

23.3.4 Due to shareholders

	<u>31 March 2017</u>	<u>31 December 2016</u>
Doğuş Holding	3	1
Total	<u>3</u>	<u>1</u>
Grand total	<u>476,993</u>	<u>799,371</u>

23.4 Other receivables from joint ventures

	<u>31 March 2017</u>	<u>31 December 2016</u>
Meiller-Doğuş	-	22
Total	<u>-</u>	<u>22</u>

As at 31 March 2017, the Group charges monthly 4% overdue interest to related parties (31 December 2016: 4% per month).

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NOTE 23 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)**23.5 Current prepayments due from related parties****23.5.1 Current prepaid expenses**

	31 March 2017	31 December 2016
Pozitif Arena Salon İşletmeleri A.Ş.	2,120	2,891
VDF Sigorta Aracılık Hizmetleri A.Ş.	119	184
Doğuş Spor Kompleksi Yatırım ve İşletme A.Ş.	83	324
Doğuş Holding A.Ş.	-	29
Other	507	136
Total	2,829	3,564

23.5.2 Advances given

	31 March 2017	31 December 2016
Antur Turizm A.Ş.	301	434
Total	301	434
Grand total	3,130	3,998

23.6 Non-current prepayments due from related parties**23.6.1 Non-current prepaid expenses**

	31 March 2017	31 December 2016
Pozitif Arena Salon İşletmeleri A.Ş.	-	6
Total	-	6

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NOTE 23 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)**23.7 Due to Related Parties****23.7.1 Due to associates**

	<u>31 March 2017</u>	<u>31 December 2016</u>
Yüce Auto	20,741	28,254
Volkswagen Doğuş Finansman	4,642	2,111
Doğuş Teknoloji	3,321	3,725
Total	<u>28,704</u>	<u>34,090</u>

23.7.2 Due to other related parties

	<u>31 March 2017</u>	<u>31 December 2016</u>
Doğuş Enerji Toptan Elektrik Ticaret A.Ş.	732	596
Antur Turizm A.Ş.	628	1,193
Doğuş İnşaat ve Ticaret A.Ş.	450	1,000
Doğuş Yayın Grubu A.Ş.	57	158
VDF Sigorta Aracılık Hizmetleri A.Ş.	-	133
Other	490	1,012
Total	<u>2,357</u>	<u>4,092</u>

23.7.3 Due to shareholders

	<u>31 March 2017</u>	<u>31 December 2016</u>
Doğuş Holding	546	1,005
Total	<u>546</u>	<u>1,005</u>
Grand total	<u>31,607</u>	<u>39,187</u>

23.8 Current deferred income from related parties

	<u>31 March 2017</u>	<u>31 December 2016</u>
Pozitif Arena Konser Salon İşletmeleri A.Ş.	53	63
Total	<u>53</u>	<u>63</u>

23.9 Non-current deferred income from related parties

	<u>31 March 2017</u>	<u>31 December 2016</u>
Pozitif Arena Konser Salon İşletmeleri A.Ş.	-	6
Total	<u>-</u>	<u>6</u>

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NOTE 23 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)**23.10 Related Party Transactions**

Related party transactions for the three month periods ended 31 March are as follows:

23.10.1 Associates

	<u>31 March 2017</u>	<u>31 March 2016</u>
Sales and other income generating transactions:		
Sale of products and returns, net	1,020	1,952
Other income	4,691	5,140
Sale of services, net	43	121
Total	<u>5,754</u>	<u>7,213</u>
Purchases and expense incurring transactions:		
Inventory purchases	25,304	35,035
Incentives for consumer loans	7,051	7,817
Fixed asset purchases	5,109	4,001
Other purchases	4,892	3,734
Services rendered	2,384	1,752
Other expenses	-	27
Total	<u>44,740</u>	<u>52,366</u>

23.10.2 Joint ventures

	<u>31 March 2017</u>	<u>31 March 2016</u>
Sales and other income generating transactions:		
Sale of products and returns, net	22	64
Finance income	-	55
Sale of services, net	5	12
Total	<u>27</u>	<u>131</u>
Purchases and expense incurring transactions:		
Inventory purchases	7	171
Services rendered	-	5
Total	<u>7</u>	<u>176</u>

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NOTE 23 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)**23.10 Related Party Transactions (Continued)****23.10.3 Other related parties****a) Income generated from other related parties**

	31 March 2017			Total
	Sale of products	Sale of services	Other income from operating activities	
Garanti Filo Yönetim	34,833	445	-	35,278
VDF Faktoring	4	1	-	5
VDF Sigorta	13	3	1,446	1,462
Other	11,366	48	187	11,601
	46,216	497	1,633	48,346

	31 March 2016			Total
	Sale of products	Sale of services	Other income from operating activities	
Garanti Filo Yönetim	946	398	-	1,344
Garanti Finansal Kiralama A.Ş.	87	-	-	87
VDF Faktoring	-	1	-	1
VDF Sigorta	3	1	1,393	1,397
Other	237	38	11	286
	1,273	438	1,404	3,115

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NOTE 23 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

23.10 Related Party Transactions (Continued)

23.10.3 Other related parties (Continued)

b) Expenses arising from transactions with other related parties

31 March 2017							
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
Antur Turizm	4,804	-	-	-	40	137	4,981
Doğuş Gayrimenkul Yatırım Ortaklığı	4,175	-	-	-	-	-	4,175
Doğuş Enerji	1,557	-	-	-	-	-	1,557
VDF Sigorta	16	-	-	-	309	87	412
Doğuş İnşaat	-	-	-	-	-	-	-
Diğer	1,568	-	-	7,429	5	1,148	10,150
	12,120	-	-	7,429	354	1,372	21,275

31 March 2016							
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
Doğuş İnşaat	-	8,870	-	-	-	-	8,870
Antur Turizm	12,525	-	-	-	81	-	12,606
Doğuş Gayrimenkul Yatırım Ortaklığı	3,532	-	-	-	-	-	3,532
Doğuş Enerji Toptan Elektrik	1,471	-	-	-	-	-	1,471
VDF Sigorta	16	-	-	-	302	757	1,075
Other	1,684	200	36	4,671	-	691	7,282
	19,228	9,070	36	4,671	383	1,448	34,836

23.10.4 Transactions with shareholders

a) Income generated from shareholders

31 March 2017					
	Sale of products	Sale of services	Income from investing activities	Other income from operating activities	Total
Doğuş Holding	11	9	-	-	20
	11	9	-	-	20

31 March 2016					
	Sale of products	Sale of services	Income from investing activities	Other income from operating activities	Total
Doğuş Holding	2	4	-	-	6
	2	4	-	-	6

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NOTE 23 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

23.10 Related Party Transactions (Continued)

23.10.4 Transactions with shareholders (continued)

b) Expenses arising from transactions with shareholders

31 March 2017				
	Services rendered	Purchase of fixed assets	Other expenses from operating activities	Total
Doğuş Holding	2,221	186,967	29	189,217
	2,221	186,967	29	189,217
31 March 2016				
	Services rendered	Purchase of fixed assets	Other expenses from operating activities	Total
Doğuş Holding	2,413	-	94	2,507
	2,413	-	94	2,507

23.11 Key Management Personnel Compensation

	2017	2016
Salaries and other short-term employee benefits	15,168	14,293
Total	15,168	14,293

The Group classifies members of the board of directors and senior executives who have administrative responsibilities as key management personnel, since they are responsible for the planning, management and control of the Group's operations.

Remuneration of board of directors and executive management for the three month periods ended 31 March 2017 and 2016 includes salaries, health insurance and employer shares of Social Security Institution.