

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER

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

NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Garanti Bankası and its affiliates which were considered as related parties excluded from this scope as of 19 September 2017.

28.1 Cash and Cash Equivalents

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

	<u>2017</u>	<u>2016</u>
Garanti Bankası – credit card receivables	-	16,920
Garanti Bankası – demand deposits	-	21,752
Garanti Bankası – time deposits	-	19,000
Total	<u>-</u>	<u>57,672</u>

As at 31 December 2016, effective interest rate on TL denominated time deposits at Garanti Bankası is 6.75%. As at 31 December 2016, maturity of time deposits is 1 day.

28.2 Borrowings

As at 31 December, Group's financial borrowings used from related parties are as follows:

	<u>2017</u>	<u>2016</u>
Garanti Bankası	-	205,491
Garanti Bank International NV.	-	18,088
Total	<u>-</u>	<u>223,579</u>

As at 31 December 2016, effective interest rates on TL denominated financial borrowings at Garanti Bankası are between 13.2% and 14.5% and CHF denominated financial borrowing at Garanti Bank International NV. is 2%.

28.3 Trade receivables due from related parties

As at 31 December, receivables from and payables to related parties comprise the following:

28.3.1 Trade receivables due from associates

	<u>2017</u>	<u>2016</u>
Yüce Auto	2,913	887
VDF	658	1,238
Doğuş Teknoloji	-	29
Other	2	3
Total	<u>3,573</u>	<u>2,157</u>

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NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.3 Trade receivables due from related parties (Continued)

28.3.2 Trade receivables due from joint ventures

	2017	2016
Tüvtürk	1	7
Total	1	7

28.3.3 Trade receivables due from other related parties

	2017	2016
VDF Faktoring Hizmetleri A.Ş. (“VDF Faktoring”)	1,106,520	723,684
VDF Sigorta Aracılık Hizmetleri A.Ş.	1,290	724
VDF Filo Kiralama A.Ş.	89	17,303
Garanti Filo Yönetim Hizmetleri A.Ş. (“Garanti Filo Yönetim”)	-	55,395
Other	102	100
Total	1,108,001	797,206

28.3.4 Trade receivables due from shareholders

	2017	2016
Doğuş Holding	-	1
Total	-	1
Grand Total	1,111,575	799,371

As at 31 December 2017, the Group charges monthly 1% overdue interest to related parties (31 December 2016: 1% per month).

28.4 Other receivables due from joint ventures

	2017	2016
Meiller-Doğuş	-	22
Total	-	22

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NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.5 Current prepayments due from related parties

28.5.1 Current prepaid expenses

	2017	2016
Pozitif Arena Salon İşletmeleri A.Ş.	4,132	2,891
Doğuş Spor Kompleksi Yatırım ve İşletme A.Ş.	411	324
VDF Sigorta Aracılık Hizmetleri A.Ş.	187	184
Doğuş Holding A.Ş	-	29
Other	3,004	136
Total	7,734	3,564

28.5.2 Advances given to other related parties

	2017	2016
Antur Turizm A.Ş	402	434
Total	402	434
Grand total	8,136	3,998

28.6 Non-current prepayments due from related parties

28.6.1 Non-current prepayments

	2017	2016
Pozitif Arena Salon İşletmeleri A.Ş.	64	6
Total	64	6
Grand total	64	6

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NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.7 Trade payables due to related parties

28.7.1 Trade payables due to associates

	2017	2016
Yüce Auto	23,434	28,254
Volkswagen Doğuş Finansman	7,700	2,111
Doğuş Teknoloji	4,339	3,725
Total	35,473	34,090

28.7.2 Trade payables due to other related parties

	2017	2016
Antur Turizm A.Ş.	2,423	1,193
Doğuş Enerji Toptan Elektrik Ticaret A.Ş.	651	596
Doğuş Yayın Grubu A.Ş.	66	158
VDF Sigorta Aracılık Hizmetleri A.Ş.	14	133
Doğuş İnşaat ve Ticaret A.Ş.	-	1,000
Other	3,083	1,012
Total	6,237	4,092

28.7.3 Trade payables due to shareholders

	2017	2016
Doğuş Holding	2,908	1,005
Total	2,908	1,005
Grand total	44,618	39,187

28.8 Short term deferred income from related parties

	2017	2016
Pozitif Arena Konser Salon İşletmeleri A.Ş.	-	63
Total	-	63

28.9 Long term deferred income from related parties

	2017	2016
Pozitif Arena Konser Salon İşletmeleri A.Ş.	-	6
Total	-	6

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NOT 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.10 Related Party Transactions

Related party transactions for the years ended 31 December are as follows:

28.10.1 Associates

	<u>2017</u>	<u>2016</u>
Sales and other income generating transactions:		
Other income	26,677	26,885
Sale of products and returns, net	7,764	10,308
Sale of services, net	263	130
Finance income	-	188
Total	<u>34,704</u>	<u>37,511</u>

	<u>2017</u>	<u>2016</u>
Purchases and expenses incurring transactions:		
Inventory purchase	246,643	250,674
Incentives for consumer loans	47,955	73,137
Other purchases	26,466	17,656
Fixed asset purchases	21,913	17,210
Services rendered	10,393	6,553
Other expenses	28	1,053
Total	<u>353,398</u>	<u>366,283</u>

28.10.2 Joint ventures

	<u>2017</u>	<u>2016</u>
Sales and other income generating transactions:		
Sale of products and returns, net	292	87
Sale of service, net	12	25
Finance income	1	147
Total	<u>305</u>	<u>259</u>

	<u>2017</u>	<u>2016</u>
Purchases and expense creating transactions:		
Inventory purchases	-	177
Services rendered	20	16
Total	<u>20</u>	<u>193</u>

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NOT 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.10 Related Party Transactions (Continued)

28.10.3 Other related parties

a) Income generated from other related parties

	2017			Total
	Sale of products	Sale of services	Other income from operating activities	
Garanti Filo Yönetim	83,495	1,054	-	84,549
VDF Filo	151,053	209	20	151,282
Garanti Finansal Kiralama A.Ş.	309	-	-	309
VDF Sigorta	30	15	7,359	7,404
VDF Faktoring	5	2	-	7
Other	1,418	142	1,040	2,600
	236,310	1,422	8,419	246,151

	2016			Total
	Sale of products	Sale of services	Other income from operating activities	
Garanti Filo Yönetim	113,335	1,572	-	114,907
Garanti Finansal Kiralama A.Ş.	6,646	-	-	6,646
VDF Sigorta	175	12	8,100	8,287
VDF Faktoring	72	2	-	74
Other	15,713	102	496	16,311
	135,941	1,688	8,596	146,225

b) Expenses arising from transactions with other related parties

	2017						Total
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	
Antur Turizm	26,513	-	-	-	150	323	26,986
Doğuş Gayrimenkul Yatırım Ortaklığı	17,274	-	-	-	-	-	17,274
Doğuş Enerji	6,030	-	-	-	-	-	6,030
Garanti Bankası	622	-	-	33,188	8	1,697	35,515
VDF Sigorta	20	-	-	-	817	293	1,130
Other	8,436	-	1,321	6,587	445	7,248	24,037
	58,895	-	1,321	39,775	1,420	9,561	110,972

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NOT 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.10 Related Party Transactions (Continued)

28.10.3 Other related parties (Continued)

b) Expenses arising from transactions with other related parties (Continued)

	2016						Total
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	
Antur Turizm	40,032	-	-	-	123	104	40,259
Doğuş Gayrimenkul Yatırım Ortaklığı	15,377	-	-	-	-	-	15,377
Doğuş Enerji	5,301	-	-	-	-	-	5,301
VDF Sigorta	96	-	-	-	1,465	4,043	5,604
Doğuş İnşaat	-	39,482	-	-	-	-	39,482
Other	6,764	275	1,196	33,346	-	8,149	49,730
	67,570	39,757	1,196	33,346	1,588	12,296	155,753

28.10.4 Transactions with shareholders

a) Income generated from shareholders

	2017			
	Sale of products	Sale of services	Income from investing activities	Total
Doğuş Holding	201	12	8,927	9,140
	201	12	8,927	9,140

	2016			
	Sale of products	Sale of services	Income from investing activities	Total
Doğuş Holding	27	24	11,022	11,073
	27	24	11,022	11,073

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28.10 Related Party Transactions (Continued)

28.10.4 Transactions with shareholders (Continued)

b) Expenses arising from transactions with shareholders

	2017			
	Services rendered	Purchase of fixed assets	Other expense from operating activities	Total
Doğuş Holding	9,838	187,685	3,979	201,502
	9,838	187,685	3,979	201,502

	2016			
	Services rendered	Purchase of fixed assets	Other expense from operating activities	Total
Doğuş Holding	10,847	45	229	11,121
	10,847	45	229	11,121

28.11 Key Management Personnel Compensation

	2017	2016
Salaries and other short-term employee benefits	62,545	56,709
Total	62,545	56,709

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 senior executive who have administrative responsibilities, for the years ended 31 December 2017 and 2016 includes salaries, health insurance and employer shares of Social Security Institution.