

Member of



Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

TRANSPARENCY REPORT FOR 2015



TRANSPARENCY REPORT

This transparency report issued by our Establishment for the 2015 year is prepared pursuant to the "Independent Audit Regulations" published in the 26.12.2012 dated and 28509 numbered Official Gazette by the Public Oversight Accounting and Auditing Standards Authority and it has been published on the website of our establishment.

Best regards,

ANIL YEMİNLİ MALİ MÜŞAVİRLİK VE
BAĞIMSIZ DENETİM A.Ş.

Nazım Anıl
Responsible Auditor
Chairman of the Executive Board

İstanbul, 31.03.2016

TRANSPARENCY REPORT

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I. INTRODUCTION

According to Article 36 of the "Independent Audit Regulations" published in the 26.12.2012 dated and 28509 numbered Official Gazette by the Public Oversight Accounting and Auditing Standards Authority, the auditing companies that have performed a PIE (Public Interest Entity) audit within a calendar year are required to submit the transparency report to the Authority within the three months following the relevant calendar year and publish it in their own websites.

According to this, the transparency report for the year 2015 which was prepared by our establishment in accordance with the said Regulation was signed by the Chairman of the Executive Boards, Nazım ANIL, and published on our website on March 31, 2016 and it was also submitted to the Authority on the same date.

II. LEGAL STRUCTURE OF THE ESTABLISHMENT AND INFORMATION REGARDING THE PARTNERS

A) Legal Structure of the Establishment

Anıl Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş. is an independent auditing and Certified Public Accountant Company, which was established in Turkey in 2000 as a Limited Liability Company and changed to an Incorporated Company in 2004 . The headquarters of the company is located in Istanbul.

The company has the following authorization certificates and it has been performing independent auditing activities since 2006 within the scope of the relevant regulatory authorities.

- 1) Capital Market Board (18.09.2006 dated and B.02.1.SPK.0.17-647 numbered)
- 2) Banking Regulation and Supervision Agency (13.12.2002 dated and BDDK 3780 numbered resolution)
- 3) Energy Market Regulatory Authority (26.12.2006 dated and B.62.0.DDB.14.320.01/6360 numbered)
- 4) Ministry of Agricultural and Rural Affairs, General Directorate of Organization and Support (07.12.2009 dated and 224 numbered)
- 5) Public Oversight Authority Independent Auditing Certificate (25.02.2014 dated and BDK/2014/073 numbered)

II. LEGAL STRUCTURE OF THE ESTABLISHMENT AND INFORMATION REGARDING THE PARTNERS (continued)

B) Information Regarding the Management

The Executive Board of the Establishment is as follows, as of 31.12.2015

Chairman of the Executive Board	: Nazım ANIL
Vice Chairman of the Executive Board	: Vahap ADIYAMAN
Member of the Executive Board	: Necati AKIN
Member of the Executive Board	: Abdullah YAYLI

C) Information Regarding the Establishment's Partners

Name/ Surname	Title	T.R. identity number	Number of shares	Share amount	Share proportion
Nazım Anıl	Certified Public Accountant	19172684154	242.987	242.987	89.995222222%
Celal Kepekçi	Certified Public Accountant	28429984534	13.500	13.500	5%
Ferhat Ateşalmaz	Certified Public Accountant	18881259080	13.500	13.500	5%
Necati Akın	Certified Public Accountant	12308500830	1	1	0.00037037%
Vahap Adıyaman	Certified Public Accountant	43906662040	1	1	0.00037037%
Sabri Tümer	Certified Public Accountant	12391323262	1	1	0.00037037%
Orhan Belentepe	Certified Public Accountant	38926483676	1	1	0.00037037%
Amsi Masis Yontan	Certified Public Accountant	21695187616	1	1	0.00037037%
Abdullah Yaylı	Certified Public Accountant	40367050904	1	1	0.00037037%
Ekrem Akalın	Certified Public Accountant	20488609748	1	1	0.00037037%
Ali Rıza Ayın	Certified Public Accountant	13669959312	1	1	0.00037037%
Mehmet Necip Özer	Certified Public Accountant	23828067826	1	1	0.00037037%
Hüseyin Eker	Certified Public Accountant	34655216158	1	1	0.00037037%
Saniye Sevim Dilekli	Certified Public Accountant	32701174780	1	1	0.00037037%
Talha Apak	Certified Public Accountant	23021479952	1	1	0,00037037%
Ali İhsan İnceoğlu	Certified Public Accountant	11321112990	1	1	0,00037037%
			270.000	270.000	100,00%

III. KEY EXECUTIVES AND RESPONSIBLE AUDITORS

The Chairman of the Executive Board of the Establishment is Nazım Anıl and the list of the auditors and superiors thereof are as follows.

Name/ Surname	Title	T.R. identity number	Number of shares
Nazım Anıl	certified public accountant	cap auditor	board chairman- liable for KKS 1
Celal Kepekçi	certified public accountant	cap auditor	-
Ferhat Ateşalmaz	certified public accountant	cap auditor	liable for KKS 1
Necati Akın	certified public accountant	auditor	member of board- liable for KKS 1
Vahap Adıyaman	certified public accountant	auditor	vice chairman of the management board- liable for KKS 1
Sabri Tümer	certified public accountant	auditor	-
Orhan Belentepe	certified public accountant	auditor	-
Abdullah Yaylı	certified public accountant	auditor	-
Ekrem Akalın	certified public accountant	auditor	-
Mehmet Necip Özer	certified public accountant	auditor	-
Hüseyin Eker	certified public accountant	auditor	-
Saniye Sevim Dilekli	certified public accountant	auditor	- liable for KKS 1
Talha Apak	certified public accountant	auditor	
Ali İhsan İnceoğlu	certified public accountant	auditor	
Elmas Yapıcı	independent accountant and financial advisor	auditor	-
Gürsel Zafer	independent accountant and financial advisor	auditor	-
Turan Kuru	independent accountant and financial advisor	auditor	-
Mehmet Çelik	independent accountant and financial advisor	auditor	-
Zafer Ay	independent accountant and financial advisor	auditor	-
Şükran Elçitorunu	independent accountant and financial advisor	auditor	-
Halil Çivici	independent accountant and financial advisor	auditor	-

IV. LEGAL AND STRUCTURAL CHARACTERISTICS OF THE CURRENT AUDIT NETWORK

There are no audit networks which our establishment is a member of.

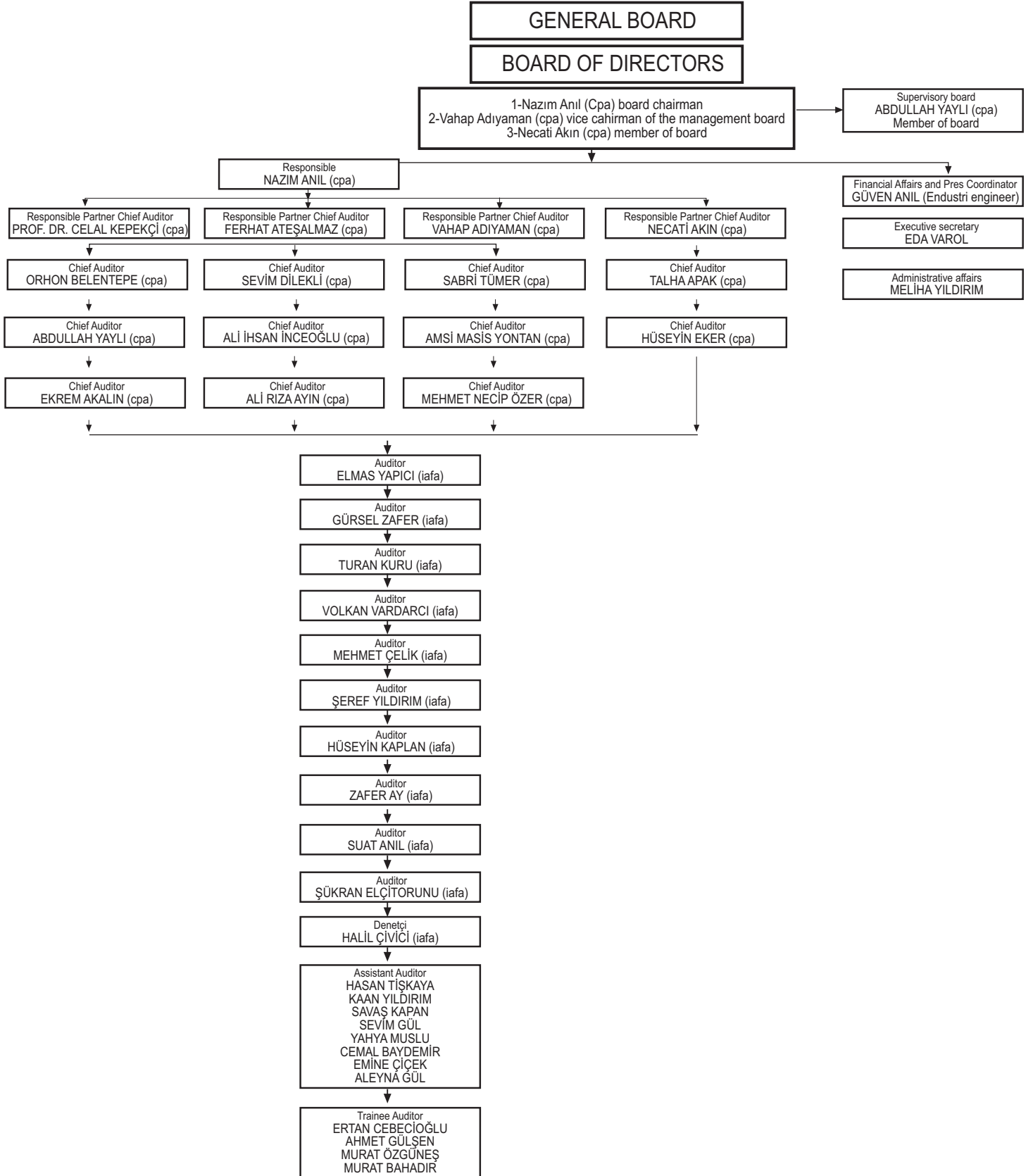
V. ASSOCIATED AUDITING INSTITUTIONS AND OTHER ESTABLISHMENTS AND THE NATURE OF SUCH ASSOCIATIONS

The information regarding the partners' partnerships in other companies as given below.

Name/ Surname	Company Name	Trade Registration Number	The share capital	Duty
Nazım Anıl	Uygar Yeminli Mali Müşavirlik Ltd.Şti.	540694	0.05	Partner
Ferhat Ateşalmaz	Report YMM Ltd.Şti.	260725	0.95	Partner /Director
	Karsavuran YMM Denetim ve Dan. Ltd.Şti.	652516	0.05	Partner
Necati Akın	Tanım YMM A.Ş.	317625	Passive	Partner
Sabri Tümer	Maksimum YMM A.Ş.	598885	0.0025	Partner
Ekrem Akalın	Kerem Sigorta Ar.Hiz. Ltd.Şti.	260295	0.80	Partner
Ali Rıza Ayın	M.A.C. Medya Danışmanlık A.Ş.	476068	0,005	Partner
Hüseyin Eker	Hüseyin Eker YMM	Personal liability		
Talha Apak	Apak Yeminli Mali Müşavirlik Ltd.Şti.	584512	100,00	Partner

VI. ORGANIZATIONAL STRUCTURE

The organizational structure of the establishment is as follows:



VII. QUALITY ASSURANCE SYSTEM INVESTIGATIONS

No investigations towards the quality assurance system were made within the last three years by the Public Oversight, Accounting and Auditing Standards Authority or other public institutions.

VIII. LIST OF THE PIEs WHICH ARE PROVIDED AUDITING SERVICES

The list of the companies, the financial statements of which were in 2015 examined and which were mentioned in the 660 numbered Decree Law or which were later included in the scope of PIE by the Authority, is as follows.

1. **Atılım Faktöring A.Ş.**
2. **Aveks İç ve Dış Tic. A.Ş.**
3. **Bileşim Turizm İnşaat San. ve Tic. A.Ş.**
4. **Cemete Elektronik Para ve Ödeme Hizmetleri A.Ş.**
5. **Çbs Boya Kimya San. ve Tic. A.Ş.**
6. **Çbs Printaş Oto Boya Gereçleri San. A.Ş.**
7. **Doruk Döviz Ve Kıymetli Madenler Tic. A.Ş.**
8. **Hayyam Döviz ve Kıymetli Maden Tic. A.Ş.**
9. **Hürsultan Paslanmaz Mutfak Eşyaları San. ve Tic. A.Ş.**
10. **Menekşe Döviz ve Kıymetli Maden Tic. A.Ş.**
11. **Orkun Uluslararası Nakliyat İhracat ve Tic. Ltd. Şti.**
12. **Polifarma İlaç San. ve Tic. A.Ş.**
13. **Şirinoğlu Faktöring A.Ş.**
14. **Taşbaşı Döviz ve Kıymetli Maden Tic. A.Ş.**
15. **S.S.Trakya Yağlı Tohumlar Tarım Satış Kooperatifleri Birliği**
16. **Tuna Faktoring A.Ş.**
17. **Ünlüler Döviz ve Kıymetli Maden Tic. A.Ş.**
18. **Vekmar Elektrik Sistemleri Yatırım ve Tic. A.Ş.**
19. **Yıldırım Döviz ve Kıymetli Maden Tic. A.Ş.**

IX. CONTINUIOUS TRAINING POLICY

All of the independent auditors within the body of our establishment, including the company partners, are required to receive trainings regarding the Turkish Commercial Code, Turkish Auditing Standards, Turkish Accounting Standards (TMS/TFRS) and also regarding any amendments made on these legislative matters. Within this scope, in 2015 the auditors participated in training programs of no less than 40 hours. These trainings which were conducted were given by experts of their fields.

Furthermore, in 2015 the independent auditors also participated in seminars organized by both the Public Oversight Accounting Standards Authority and also the Certified Public Accountants Chamber.

IX. CONTINUIOUS TRAINING POLICY (continued)

The partners and the employees also participate in training days and sessions, organized both within the Establishment and also outside, where the current developments and matters particular to the sector are addressed, in addition to all general professional and personal trainings.

Organized Trainings	Titles of the Participants	Training Duration (Hours)
E-invoice and E-book Training	Responsible Auditors, Auditors and Assistant Auditors	60
Independency and Ethical Principles Training	Responsible Auditors, Auditors and Assistant Auditors	60
Quality Control in Independent Auditing	Responsible Auditors, Auditors, Assistant Auditors, and Administrative Personnel	96
UFRS Training	Responsible Auditors, Auditors and Assistant Auditors	96
Tax Legislation Training	Responsible Auditors, Auditors and Assistant Auditors	72
TTK Training	Responsible Auditors, Auditors and Assistant Auditors	72
Office Programs Basic Training	Auditors and Assistant Auditors	96
Auditing Program Training	Responsible Auditors, Auditors and Assistant Auditors	96
End-of-period Procedures	Responsible Auditors, Auditors and Assistant Auditors	72
Audit Methods Training	Auditors and Assistant Auditors	96

X. COMPLIANCE TO THE PRINCIPLE OF INDEPENDENCE

A) General Independency Policy

The establishment continues its activities in accordance with all standards, legal legislations and all independence principles and rules published by the Public Oversight Accounting and Auditing Authority (KGK) and Capital Market Board (SPK). Within this scope the financial interests, work and service relationships and the legal and professional requirements are continuously reviewed within the framework of the independency principles.

Independence means holding an objective viewpoint during the performance of the auditing activities, assessment of the results and creation of the audit report.

All executives and employees are responsible for taking the required measures for determining the situations and relationships that pose a threat to the independence and the elimination of such threats, or reduction of them to an acceptable level. Newly employed people are provided information and training regarding the independence rules.

Newly employed people are provided information and training regarding the independence rules.

The auditors stay away from conflicts of interest that could arise, and explain their opinions which they have reached as a result of the audit in their reports without looking out for others' interests.

The information regarding the audits provided to the customers, including the scope of the services, are presented to the people assigned by the chairman of the executive board or the executive board, in order to allow the evaluation of their general impact, if any, on the independence provisions which are being subjected to.

The people which will be assigned by the chairman of the executive board or the executive board list in a detailed manner the scope of all services provided by our establishment to their customers and those with a possibility to damage the independence are determined through these lists and the relevant measures are taken.

The personnel informs the chairman of the executive board or the people assigned by the executive boards regarding the situations and people that pose a threat to independence, so that the appropriate measures can be taken.

A written promise is taken from all personnel that is required to be independent according to the ethical provisions, before each audit and at least once per year in any case, informing that they do and will comply with the independence policies and procedures .

An compliance with independence principles control system is implemented by the establishment and the basic elements of the mentioned system are listed below:

- The responsibility for implementation and continuation of the controls and systems related with independence falls to the senior management,
- A suitable corporate culture that highlights the importance given to independence,
- Written independence principles and procedures,
- Continuous trainings related with the independence principles,
- Controls regarding independence in work relationships and partnerships
- Systematic controls regarding the other services that will be given to the companies which are provided with auditing services,
- Control systems established regarding audit customers which are subject to financial relationship and independence rules,
- Controls related with establishment and auditor rotation,
- Review and control procedures associated with the application of independence principles,
- Reporting processes associated with the possible independence breaches by personnel and the associated institutions,
- Discipline policies to be practiced in the event of behaviors against the independence principle,
- Annual independence statements filled by the employees.

In the independent audits of establishments determined by the Public Oversight Authority and the establishments that are traded at the exchange, rotations of the responsible auditors, the people that review the controls of the auditor, and where applicable, the other people which are subject to the rotation provisions, are carried out at the end of 7 years, in accordance with the ethical provisions.

B) Prohibitions Regarding Independence

The following services are not provided to the independent audit customers:

- Valuation, actuary and expert's opinion services,
- Internal audits and supporting services for internal audits,
- Management service or performance of human relations functions service,
- Mediation or investment consultancy services,
- Any services which can be considered as consultancy,

Furthermore, the managers and personnel of the company cannot own shares of a company which will be provided with services, the staff cannot be assigned to work in the creation process of financial statements.

Audits of companies, which the executives or auditors have a blood or interest relationship with the people in the management thereof cannot be carried out.

The list of the public audit customers of the company and the affiliates and subsidiaries thereof is updated and sent to all employees in the form of an e-mail as a "prohibited companies list" whenever a new contract is signed. The company's employees check this list before entering investment, credit or other financial relations and this way they are prevented from taking an action that will impact the independence of the company and themselves. All employees of the company are required to complete the independence training every year and declare that they have remained independent in the relevant term. Furthermore, for each independent audit job, following the assignment of the audit team it is mandatory for the audit team to fill the "Conflict of Interest and Independence Checklist" in electronic form and declare their independence.

Personal Independence

Each personnel is accountable for his/her own independence and is obligated to inform the team leader and managers in the event that their independence is lost or there's a possibility their independence being lost.

The close relatives of the partners or employees of the company cannot own any shares and cannot be assigned to work in the accounting and financial reporting tasks of the company that will be provided with audit services, or any affiliates or subsidiaries thereof.

Independence Regarding the Past Employees

Company employees are obligated to promptly report any job interviews made with any audit customers and their possible employment conditions.

Company employees are swiftly removed from the audit team of the audit customer, with which they are continuing interviews for a possible employment.

In the event that the employee accepts the job offer of the audit customer, the team continuing with the audit may take precautions such as changing the audit program, against the risk of past employee's infraction.

Past employees of the company are allowed to take charge in the financial reporting division or in an executive position in a public audit customer, in accordance with the legal periods and legislation.

C) The Responsible Auditor's Duties Regarding Independence

The responsible auditor must reach the conclusion that independence has been achieved regarding a performed independent audit.

For this purpose, the responsible auditor;

- a) Collects the required information from all relevant parties and identifies and evaluates the conditions and relationships which threaten independence.
- b) If there are any breaches that have been identified in relation with the company's policy and procedures regarding independence, he/she evaluates these and determines whether a situation that voids the independence in an independent audit work exists.
- c) By taking the necessary measures, he/she eliminates, or reduces to an acceptable level, the conditions that void independence. Reports situations which cannot be resolved to the Company's management.
- d) Puts the conclusions reached regarding matters related with independence and the discussions made with the company management that support such conclusions in writing.

When the responsible auditor identifies a situation that threatens independence, which cannot be eliminated or vitiated, he is obliged to discuss the issue with the company and ensure that precautions are taken, such as cancelling the activity or procedure which threatens the independence or commencing the processes required for withdrawal from the independent audit, and to put the discussions made regarding the matter and the conclusions reached in writing.

D) Business Ethics

In our establishment, we implement an Ethics and Code of Business Program which gives highest priority to ethical values and code of business conduct. In order to maintain our standard of Business Ethics, we provide to our employees and partners the tools and trainings required for them to identify and understand the problems related with business ethics and we adopt a company culture which is based on open communication and solidarity.

We hold up to an extremely transparent approach regarding the high ethical values and code of business conduct that is expected of us.

The sources of our ethics and code of business conduct program is open to all of our corporate shareholders, employees and customers. These sources provide a strong foundation in helping us determine which action to take, and when, in order to maintain our commitment to our high standards.

The establishment continues to support our shared responsibility towards maintaining the business ethics culture in our company through regular communication with its employees, customers and the society.

XI. DISTRIBUTION OF INCOME

According to the 31.12.2015 dated financial statement information of the establishment, the ratio of the independent audits to the total income for 2015 is as follows:

	Amount (TL)	Distribution %
Independent Audit Incomes		
Independent Audit SPK	8.400,00	0,25
Independent Audit BDDK	73.750,00	2,19
Independent Audit EPDK	0,00	0,00
Independent Audit KGK	348.932,27	10,34
Independent Audit Other	29.185,60	0,87
Incomes within the framework of 3568 numbered law		
Primary Incomes	2.828.576,82	83,78
Consultancy	61.253,93	1,82
Other Incomes	26.200,00	0,75
Total	3.376.298,62	100,00

XII. SALARY PRINCIPLES OF THE RESPONSIBLE AUDITORS

The responsible auditors of the establishment receive salary, daily allowance and share of profits.

XIII. QUALITY CONTROL SYSTEM

The company has a quality control system in place for the audit applications, in order meet the expectations of the audit committees of the customers and to comply with the rules and standards that are published by KGK, SPK, Union of Chambers of Certified Public Accountants and Sworn-in Certified Public Accountants of Turkey (TURMOB) and IFAC. This system also combines the primary policies and procedures and ensures compatibility with the Turkish Standards Quality Control Standard (KKS 1) published by KGK, and the Turkish Auditing 220 "Quality Control in Independent Auditing of Financial Statements" (BDS 220) Standard which is applicable for every audit, the International Quality Control Standards No 1 (ISQC1) regulations published by IFAC and other applicable professional standards and the Company's own quality control standards.

We declare that the Company's quality control system actively functions and is documented.

The quality control system implemented in the Company's auditing services include the following factors:

- The in-company leaders' responsibilities regarding quality
- Relevant ethical provisions
- Acceptance and continuation of customer relationships and the audit contract
- Human resources
- Execution of the audit
- Tracking

The company separates the risk management responsibilities and quality control supervision from the company's professional practice activities, in order to support this system. The Company has assigned Responsible Auditor Nazım ANIL and Responsible Auditor Celal KEPEKÇİ as quality and risk management responsibilities through the 25.08.2008 dated resolution of the executive board. Furthermore, it tracks the development, distribution and supervision of the policies and procedures in order to improve the company's professional practices, risk management and quality control process.

A) Leadership Responsibilities Related with Quality within the Company's Body

In order to establish the Quality Assurance System, the Company's Quality Assurance System is regularly reviewed with the new regulations and amendments and is revised when necessary. Following each update, the "Establishment's Quality Assurance System Policy and Procedures" are sent to the responsible and the responsible auditor, and a briefing meeting regarding the subject is held if the responsible auditor deems it necessary.

The information regarding the auditors responsible for the Quality Assurance System is given below:

Nazım ANIL

NAZİM ANIL graduated from the Business Administration department of Marmara University in 1984, and has been working as an auditor responsible for Sworn-in Certified Public Accountant and KKS-1 in Anıl YMM ve Bağımsız Denetim A.Ş. since 2000, and he has a KGK Independent Auditor Certificate.

Necati AKIN

NECATİ AKIN graduated from the Managerial Accounting department of İstanbul Academy of Financial and Commercial Sciences in 1975, and has been working as an auditor responsible for Sworn-in Certified Public Accountant and KKS-1 in Anıl YMM ve Bağımsız Denetim A.Ş. since 2008, and he has a KGK Independent Auditor Certificate.

Ferhat ATEŞALMAZ

Ferhat ATEŞALMAZ graduated from the Business Administration department of Uludağ University in 1984, and has been working as an auditor responsible for Sworn-in Certified Public Accountant and KKS-1 in Anıl YMM ve Bağımsız Denetim A.Ş. since 2010, and he has a KGK Independent Auditor Certificate.

Vahap ADIYAMAN

Vahap ADIYAMAN graduated from the Business Administration and Finance department of İstanbul University in 1982, and has been working as an auditor responsible for Sworn-in Certified Public Accountant and KKS-1 in Anil YMM ve Bağımsız Denetim A.Ş. since 2003, and he has a KGK Independent Auditor Certificate.

Saniye Sevim DİLEKLI

Saniye Sevim DİLEKLI graduated from the Economics Department of Ankara University Faculty of Political Sciences in 1984, and has been working as an auditor responsible for Sworn-in Certified Public Accountant and KKS-1 in Anil YMM ve Bağımsız Denetim A.Ş. since 2013, and she has a KGK Independent Auditor Certificate.

The person or people responsible for the quality control of the audit are requested to fill the "Quality Control Standards Checklist" and upload it to the system following every audit.

The Executive Board's Responsibility in Ensuring the Quality of the Independent Audit

Managers and employees at every level of the company, starting with the Executive Board, exert the maximum effort to ensure the quality control in independent audits.

The executive board takes the following measures, and any other measures it may deem necessary, in order to ensure the highest level of quality control in each stage of the audit:

- Training programs and meetings are conducted in order for the personnel to adopt that the company's policy is to ensure and maintain the highest quality.
- Continues briefings are given to the employees regarding the company's quality control.
- The human resources policies are defined for provision and maintenance of quality
- When company policies are established, commercial concerns are prevented from taking precedence over the ensuring and maintaining of quality.
- Control methods are developed in order to ensure quality and provide its continuation.

The Responsible Auditor's Responsibility in Ensuring the Quality of the Independent Audit:

The biggest responsibility in audit works falls on the Responsible Auditor, in its capacity as the audit's leader.

While the executive boards determines the general policies, such as trainings, for ensuring quality in audits, the Responsible Auditor in its capacity as the audit's leader shall be the guide of the audit team in each stage of the audit, in order to ensure and maintain the sufficient level of quality.

In order to ensure this, the following matters should be highlighted and emphasized in every stage of the audit:

- The requirement and importance of working in accordance with the legislation, professional standards and generally accepted ethical values.
- The importance of quality control during the work's execution and thus the utilization of the appropriate quality control methods.
- Requirement and importance of independent audit reports which reflect the truth.
- That quality control and ensuring a high level of quality is the essence of the audit work.

XIII. QUALITY CONTROL SYSTEM (continued)

B) Ethical Principles

The company has committed itself to doing the right thing for our employees, for our customers and the institutions which we provide services to.

All employees of Anil Yeminli Mali Müşavirlik ve Bağımsız Denetim Anonim Şirketi should adopt;

- Honesty
- Objectivity
- Professional competence and diligence
- Keeping secrets
- Professionally proper conduct

principles as essential principles.

The ethical principles of Anil Yeminli Mali Müşavirlik ve Bağımsız Denetim Anonim Şirketi are specified through the “business ethics rules set”. These rules are distributed to all employees.

These principles are explained to all of the employees, including the executives, and commitments stating that these principles will be complied with are requested (Personal Independence Form). The company renews such commitments prior to each audit and annually and retains the relevant records. Each employee immediately reports any situations that threaten independence to their team leader and the responsible auditor.

The Executive Board conducts periodical meetings and trainings regarding the importance of the ethical principles and compliance with such principles.

The team leaders continuously observe and evaluate the auditors working under them with regards to their compliance with the principles. Identifying and assessing the situations that pose a threat towards independence is the Executive Board’s duty. The Executive Board is responsible for eliminating such threats, reducing them to an acceptable level or in the event that the legislation in effect allows, to ensure that the Company withdraws from the audit.

The responsible auditor, at specific intervals, looks into the personnel which will take part in the audits that will be performed. In cases where the same senior personnel is assigned in an audit for a long period of time, he/she takes measures to reduce the proximity threat to an acceptable level. The responsible auditor subjects the audit team and the quality control responsible to rotation, in cases where he/she sees a proximity threat.

C) Acceptance and Continuation of the Customer Relationship and the Audit Contract

Acceptance of the Job

As an establishment, the ethical principles are favored in precedence of commercial concerns in acceptance of customers. For this, first of all investigations and research is performed regarding the capability for conducting the job and the customer’s compatibility with the ethical principles.

Within this scope, the following procedures are carried out;

- Identities and commercial standings of the customer’s main partners, key executives and those responsible for senior management,
- The nature of the customer activities, including business practices,
- Whether unfavorable information exists regarding the attitudes of customer’s main partners, key executives and those responsible for senior management towards interpretation of the accounting standards and interior control circle,
- Whether the customer has an insistent attitude towards keeping the audit prices at the lowest level possible.

XIII. QUALITY CONTROL SYSTEM (continued)

- Whether there are any indications that the scope of the work is inappropriately restricted,
- Whether there are any indications that the customer might take part in money laundering activities or other criminal activities,
- The reasons for desiring to choose the audit company, and not to choose the previous audit company again,
- Identities and commercial standings of the relevant parties,

The responsible auditor has to make sure that the necessary procedures and principles related with the acceptance of the customer, the continuation of the relationship with the customer and the independent audits which present specialness are observed and ensure that the achieved results are put into writing.

The audit team is expected to possess;

- Experience regarding the understanding and performance of an independent audit job with a similar nature and difficulty, through the appropriate trainings taken and participation in independent audits,
- Sufficient information regarding independence audit standards and judiciary and legal regulations.
- Appropriate level of technical information, including the relevant information technologies,
- Sufficient information regarding the sector in which the customer conducts activities,
- Ability to make professional decisions,
- Ability to comprehend company's quality policies and methods.

At the end of the reviews if it is decided that acceptance of the job will be undesirable with respect to ethical principles or that Anil Yeminli Müşavirlik ve Bağımsız Denetim Anonim Şirketi will not be adequate for performing the job, then the job will not be accepted.

The same reviews should be performed in conduct of the business. When making the decision whether to continue a customer relationship or not, the important issues which showed up during the previous audits and the impact of such issues to the continuation of the relationship are taken into consideration.

The "Customer Acceptance or Continuation Form" is used in the acceptance and continuation of the job.

D) Human Resources

The company's personnel management system comprises of the following stages:

- Determination of Personnel Needs and Recruitment
- Determination of Skills and Talents
- Assignment of the Teams
- Career Development
- Performance Assessment, Promotion, Salary and Other Benefits

Estimation of Personal Needs and Recruitment

Effective recruitment process and procedures, that will assist in selecting honest people which possess the appropriate character qualities which allow for the capacity to develop the competence and skills required for the works and the ability to adequately use such skills are used.

Work and staff planning is carried out at the beginning of each year and the personnel needs is determined qualitatively and quantitatively. Recruitments can be carried out mid-term, when required. A job definition is prepared in accordance with the needs. The job requirements which include the knowledge, skill and talents that are required to be possessed by the person which will conduct this duty are determined in accordance with the job definition. The candidates for the professional position submit their CVs to the Company. After the CVs are examined by the relevant unit, the candidates which are deemed as suitable are invited for an interview and the information they declared in their CVs are confirmed through independent sources. The personnel to be recruited must carry the appropriate qualities suitable for the staff definition.

The titles given to the auditors are as follow, in order of seniority:

Responsible Auditor: This is the person which has a at least ten years of de facto professional experience and which has the authority to sign the independent audit reports on behalf of the Company and with personal responsibility. He is the head of the independent audit team, ensures the supervision and coordination of the audit works and the implementation of the independent audit program. Furthermore, he informs the auditors regarding the audit activities, directs them, resolves the identified problems and reviews the required registry order.

Senior Auditor: These are auditors with at least six years of de facto professional experience. They ensure that the work papers are examined and evaluated and the required revisions are carried out, the audit activities are planned, executed and meetings with the authorities of audited companies are held.

Auditor: These are auditors with at least three years of de facto professional experience. The ensure that the detailed works of the job are executed, such as assigning assistant auditors to jobs, overseeing their works, reviewing the work papers they prepare, making the required changes in the work schedules, and preparation of the work.

Assistant Auditor: They act through participating in the audit activities under the supervision of the auditors. The assistant auditors are required to be university graduates with a bachelor's degree in the departments of law, economics and administrative sciences faculties. Assistant auditors which are recruited for the first time without any professional experience are subjected to a de facto internship for at least 3 years. During this period the intern assistant auditors are given training for 4 months, for a total of at least 200 hours in the accounting, auditing standards and techniques, information processing, monetary and capital markets, commercial law, tax legislation and banking subjects.

In order for the new personnel to understand and confirm the concept of independence, the independence regulations are explained to them and they sign independence commitment before the starting date of their employment. Furthermore, if there are any conflicts of independence or interest, these are resolved before starting work. With their joining the company, trainings on independence and ethical principles are given in addition to the professional training.

Determination of the Skills and Talents and Competence

The company requires its employees to have completed higher education on professional subjects and to have the Independent Accountant and Financial Advisor (SMMM) certificate and KGK Independent Auditor Certificates. The company closely monitors the certificate owners and provides the trainings explained in the "Continuous Training Policy" section and field work trainings under the supervision of more experienced employees in order to provide competence in line with its expectations to its personnel.

Also it is expected that the personnel;

- Be aware of the Company expectations related with performance and ethical principles,
- Comprehend the Company's quality control policies and procedures,
- Possess the adequate information technologies knowledge related with the work,
- Be attuned with team work,
- Develop professional discernment ability,
- Understand that promotion to higher positions depends on his successful performance as well as on his commitment to the ethical principles.

Assignment of the Teams

The Company conducts independent audit team assignments by evaluating the professional skills, sector experience and the nature of the audit. The audit company gives the responsibility of each audit to a responsible auditor. The identity of the auditor responsible for the relevant audit is informed to the customer's key executives and the people responsible for senior management. The responsible auditor and the company managers determine the audit team which will take charge in the customer's audit by evaluating the professional experience, compliance with ethical values and taking responsibility criteria.

Career Development

Ensuring professional competence is principally the auditor's own responsibility.

In order to enable and support this, vocational training and course studies are conducted. Training services are taken from outside sources in order to ensure and maintain the competence of the personnel. The personnel are expected to be aware of the Company expectations regarding the performances and ethical principles. Furthermore, consultancy is given to the personnel by providing them with assessments regarding performance, promotion and career development.

Performance assessment, promotion, salary and other benefits

The Company ensures that the personnel earn salary and other rights as well as promotions as a result of the performance assessments made towards their skills, competence, commitment to ethical principles and compliance with the Company's policies and procedures, in direct proportion to their ability to complete the tasks they are given. This assessment is first of all made by the managers of the team they are a member of and then by the company management. The promotions from assistant auditor to auditor are made through an exam, and the promotions to other senior positions are made by the Executive Boards, provided that the time requirement is met. At most two exam rights are sought for promotion from assistant auditor to auditor position. The employment contract of those who fail both of the two exams is terminated.

E) Conduct of the Independent Audit

The quality controls which are within the auditing service processes of our Company are the foundation of our audit quality. These quality controls serve as a guide, that contain the policies and procedures and ensure compliance with the professional standards and the company's quality standards. During the process of execution of independent audit activities in accordance with the independent audit standards and legal and judicial regulations, the responsible auditor is responsible for the matters related with guidance, supervision and efficiency and the preparation of the independent audit reports in such a manner that reflects the truth.

The Purpose of the Audit

The audit's execution in accordance with the professional standards and the legislative provisions in effect and the Company or the responsible auditor to issue reports which are in compliance with the conditions they are in.

The policies and procedures which will provide reasonable assurance for ensuring the quality in execution of the audit and achieving the purpose of the audit are as follows:

The following procedures are implemented during the execution of the independent audit:

Planning of the Audit

The responsible auditor informs the independent auditors in the independent auditing team regarding the matters given below and manages the independent audit activities. (Audit planning meeting)

- Responsibility of the team members,
- Nature of the business activities,
- Matters related with risk,
- Problems that can arise,
- Details regarding the execution of the independent audit work.

The responsibility of the independent auditors in the independent auditing team is to conduct the task they are charged with, with an objective viewpoint and professional skepticism and diligence, observing the ethical principles.

Supervision of the Team and Reviews

The purpose of the independent audit that is being conducted must be understood by all of the independent auditors in the team. Within this scope, the independent audit must be executed as a team work and accompaniment work so that the juniors in the team can comprehend the purpose of the task they are charged with.

It is expected for the juniors in the independent audit team to direct questions to more senior auditors.

The independent auditors in the independent audit team form the necessary communication between them.

The supervision of the team involves the following matters:

- a) Tracking the progress made in the independent audit work,
- b) Determining whether the time periods are sufficient to complete the job, the level of comprehending the given instructions and whether the work is executed as planned, taking into account the talents and competences of the team members,
- c) Identifying the matters that arise during the independent audit by taking their significances into account and modify the planned independent audit approach accordingly,
- d) Determine the matters which require consultation, discuss the subject with more seniors during the independent audit.

Review responsibility is based on the more senior team members' reviewing the works of the less senior ones. The independent auditor which carries out this responsibility takes the following matters into account:

- a) The compliance of the independent audit work with the independent audit standards, legal and judicial regulations,
- b) That the more important matters are put forth for a more detailed examination,
- c) Opinions are requested regarding important matters and the conclusions are put into writing and implemented,
- d) The timing and content of the performed work is reviewed,
- e) The independent audit evidences are of a quality that supports the independent audit report, and
- f) The goals of the independent audit techniques are realized.

The responsible auditor must review the work papers related with the independent audit and by discussing the matters with the team ensure that sufficient independent audit evidences are collected to support the conclusions and the independent audit report, before the independent audit report is finalized.

The responsible auditor carries out examinations on the stages of the independent audit that he deems necessary. This ensures that the important matters are promptly resolved in accordance with the responsible auditor's wants before the independent audit report is completed.

The review covers the critical matters of the independent audit which are open to interpretation, the particularly difficult or fine areas identified during the independent audit, the important risks and any other areas the responsible auditor deems important.

The responsible auditor is not required to examine all of the work papers, however he must put the duration and scope of the review he conducted in writing. Furthermore, the responsible auditor makes sure that the quality control responsible is assigned and does not finalize the independent audit report until the audit's quality control is completed.

After the audit's quality control is completed the audit team assembles and evaluates the important decisions made and the result of the independent audit report. A meeting is held with the responsible auditor and the eligibility of the independent audit report and the work papers regarding the financial information and the important decisions are reviewed. The scope of the control changes according to the complexity and risk of the independent audit work.

The existence of the control does not lessen the responsibility of the responsible auditor. The responsibility to complete the combining of the financial statements on the responsible auditor side, the work papers in independent audits and limited independent audits inside final audit files within sixty days as of the auditor report date is given to the team leader and when the sixty days end is investigated and put into the company's reminder calendar.

In the event that the independent audit work is taken over by another responsible auditor during the reviews, the responsible auditor is required to perform the review of all works done until the date of such change. The mentioned control must convince the new responsible auditor that the independent audit plan and program was made in accordance with the independent audit standards and legal regulations.

In such independent audit where more than one responsible auditor is assigned, it is mandatory that the responsibilities of each responsible auditor be defined very clearly and understood by the team.

In order to protect the confidentiality, safe storage, correctness and integrity, accessibility and reusability of the company's work papers, they are encoded in the common server archive of the company at the end of the sixty day duration which is the completion time for the work papers, and nobody can access them without the authorization of the responsible auditor. Any documents which actually have to be kept in paper form are moved to the archive's section related with independent audit. The work papers prepared in relation with the audit report and any documents which contain information that impacts the result of the audit are retained for a period of ten years, by the Company.

Consultation

Where required, consultation services may be received from experts on the subject.

The responsible auditor must;

- Make sure that the independent auditors in the team receive the required consultation services on difficult and sensitive matters,
- Conclude that the people, both from within the team or from outside the team, and outside the company, with the required information were consulted as required during the independent audit,
- Be satisfied with the conclusion, content and scope of the consultant and put the conclusions in writing and have agreed with the consulted person, and
- Ensure that the conclusion agreed regarding the consulted matter is implemented.

Receiving an effective consultation service regarding technical, ethical or other matters depends on informing the people to be consulted with any information regarding the matter.

The conclusions reached through consultation are put into writing and implemented.

In the event that it is required, it is possible to receive consultation services from professional establishments, regulatory institutions and other companies.

Both the consulting and the consulted people must agree regarding the contents of the work paper issued in relation with the received consultation service, including the difficult and sensitive matters.

The work papers related with the matter must be of a detail level that includes the conclusions reached and decisions made regarding the matter which required consultation and the matters which formed the basis for the decisions and the implementation principles

Differences in Opinions

In the event that differences of opinions occur in the independent audit team, between the consulted parties or the quality assurance team and the responsible auditor, the opinion of the authorized bodies are asked if there's sufficient time.

In cases where it is not possible to ask for authorized bodies' opinions and come to a conclusion, the responsible auditor's opinion is valid.

F) Follow-up

Monitoring the Quality Control Policy and Procedures

Our establishment has implemented a follow-up process which provides reasonable assurance that the policies and the procedures related with the quality control system are appropriate and sufficient and function effectively. This process is:

- (a) Includes the continuous review and assessment of our establishment's quality control system, including the periodic inspection of at least one completed audit of each responsible auditor,
- (b) The responsibility regarding the follow-up process is given to the manager or managers with the adequate and appropriate experience and authority to undertake this responsibility in our establishment,
- (c) It is seen that the people who conducted the audit or reviewed the quality of the audit do not take charge in the inspection of that audit.

Assessment of the Identified Shortcomings

Our establishment assesses the impact of any shortcomings identified at the end of the follow-up process and decides which of the following such shortcomings are:

- (a) Situations which do not fully indicate that the quality control system is inadequate in providing assurance that our establishment complies with the professional standards and the legislative provisions in effect and the reports issued by our establishment are in compliance with the conditions experienced, or
- (b) Systemic, repeating or other important shortcomings which require immediate corrective actions.

Reporting the Identified Shortcomings

Our establishment informs the shortcomings identified as a result of the follow-up process and recommendations for appropriate corrective actions to the relevant responsible auditors and other relevant personnel.

Correction of the Identified Shortcomings

The recommendations regarding the corrective actions aimed at the identified shortcomings include one or more of the following matters:

- (a) Taking the appropriate corrective actions directed at a single audit or a single personnel,
- (b) Communicating the findings to the people responsible for training and professional development,
- (c) Making changes to the quality control policies and procedures,
- (d) Enforcement of disciplinary actions by the audit company, on those who do not act in compliance with the establishment's policy and procedures, and particularly those who repeat such behavior.

Conclusions

Our establishment puts in place policies and procedures that address the situations where the results of the follow-up process indicate that an auditor report might be inappropriate or the procedures have been skipped during the execution of the audit. Such policy and procedures require our establishment to decide in additional steps to be taken in order to ensure compliance with the professional standards and legislative provisions in effect and assess whether to receive legal consultation.

Our establishment notifies the results of the processes conducted related with the follow-up of the quality control system to the responsible auditors, at least once per year. This notification is of the required adequacy to ensure that people and our establishment can take quick and correct actions when required, in accordance with the job definitions and responsibilities. The notification includes;

- (a) The explanation of the follow-up procedures implemented,
- (b) The results obtained from the follow-up procedures,
- (c) Where relevant, the descriptions of the systemic, repeating or other important shortcomings and the steps taken to eliminate or correct such shortcomings.

G) The statement of the audit establishment's management regarding the effective functioning of the quality control system and its documentation

ANIL YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM A.Ş. EXECUTIVE BOARD RESOLUTION

Resolution Date : 07.03.2016
Resolution No : 4
Resolution Topic : Regarding the Acceptance of the Quality Control Assurance Results

Participants of the Meeting : Nazım ANIL, Vahap ADIYAMAN, Necati AKIN

The Company's Executive Board Members have assembled and decided with the unanimity of the participants to,

Declare that, pursuant to the independent audit legislation published by the Public Oversight Accounting and Auditing Standards Authority, in consequence the quality control investigation conducted in relation with the independent audit reports towards the financial reports of the 2015 year accounting period, the independent audit works comply with the professional principles, relevant regulations, quality assurance principles and applications specified by our establishment and that the issued independent audit reports reflect the facts.

Nazım ANIL

Chairman of the Executive Board

Member of



Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

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