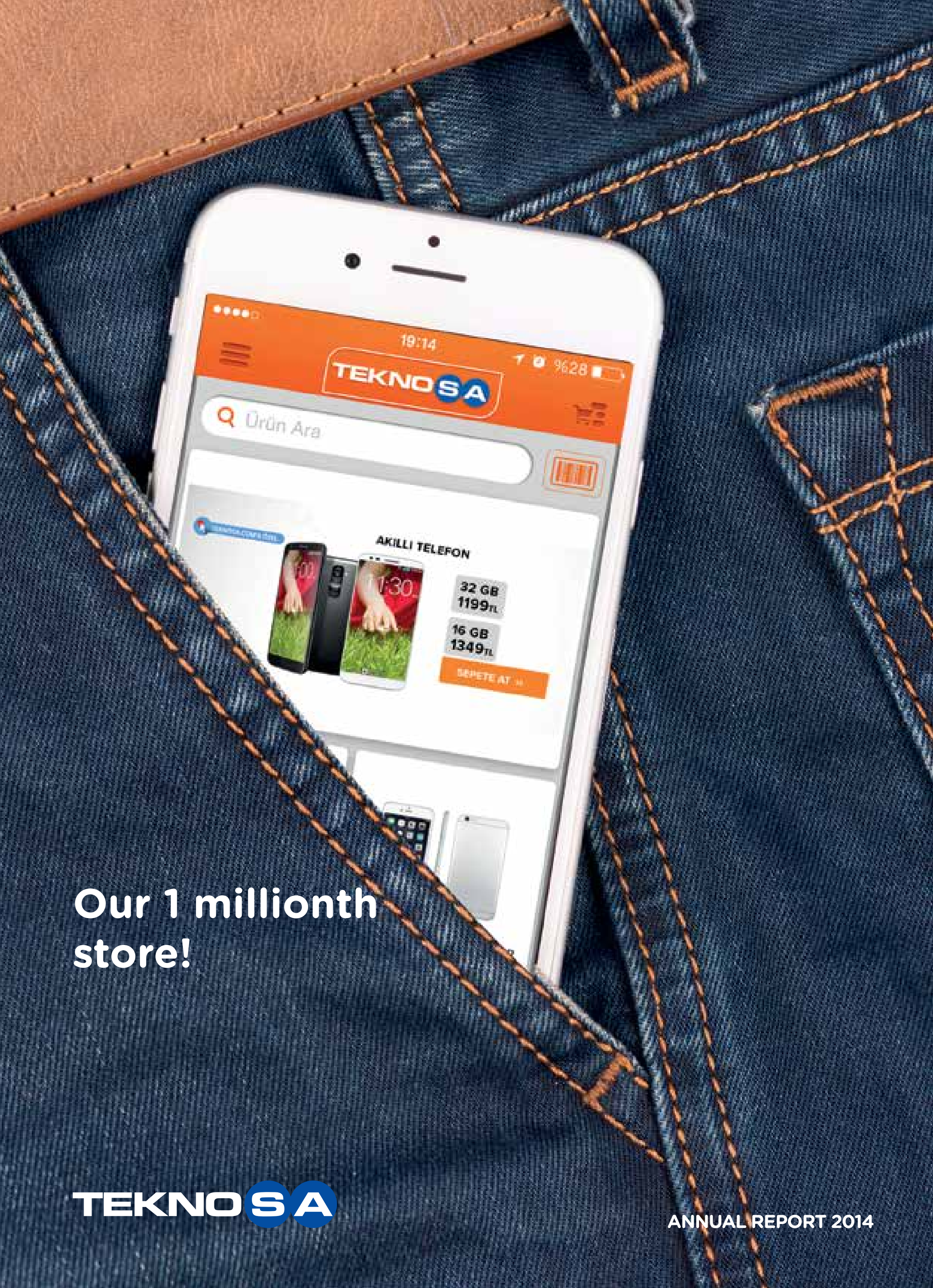


Our 1 millionth store!

TEKNOSA

ANNUAL REPORT 2014

CONTENTS

In our mission to deliver technology throughout Turkey, we have reached all 81 cities in our country. As the leading brand in technology retailing, we have further solidified our philosophy of “Technology for Everyone” in every city where we operate, through nearly 300 stores.

We have made technology available to our customers not only through our stores, but also through our website and our mobile applications as well. With almost one million downloads, our mobile application has been a particular success story in the sector. We will continue to provide Turkey with high quality and shared trust through multiple channels.

TeknoSA is an electronics retailer aiming to offer its customers technology products for the "most reasonable prices", and with the "best service quality" possible.

TeknoSA has achieved steady growth since its foundation, and thanks to its widespread penetration, superior service quality, and product diversity, it has sustained its leading role among the electronics retailers in Turkey.

Having finalized its initial public offering in 2012, TeknoSA aims to further solidify its leadership position in the coming period by expanding its retail network and product range as well as by further improving its service quality.

TeknoSA will continue to offer its customers fast, reliable, uninterrupted, and high quality service through nearly 300 stores spread across 81 cities, its online stores, teknosa.com and kliksa.com and with its after-sales support team.

9%

TeknoSA holds 36% market share in the Technology Superstores (TSS) channel and 9% share in the overall market. TeknoSA expects to achieve a 10% increase in its turnover in 2015.

3,016

With a turnover of TL 3,016 million, TeknoSA further solidified its market leadership position in Turkey.

The Largest and Most Widespread Technology Retail Chain in Turkey

171
TOTAL RETAIL SPACE (THOUSAND M^2)

291
NUMBER OF STORES

81
NUMBER OF CITIES

193
(TL MILLION)

TeknoSA has a net cash position of TL 193 million as of December 31, 2014.

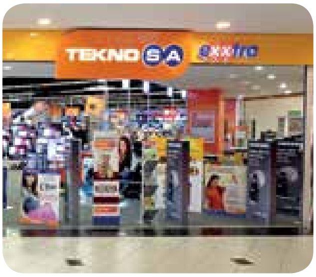
3,511

TeknoSA has 3,511 highly qualified employees, trained at the TeknoSA Academy.

Competitive E-commerce Platforms

teknosa.com
kliksa.com

Having celebrated its 14th anniversary in 2014, TeknoSA is Turkey's first, and the most widespread electronics retailer.



TeknoSA has become the leading technology retailer in Turkey through its widespread network, service quality and wide product range.

Established in 2000 under Hacı Ömer Sabancı Holding A.Ş., TeknoSA İç ve Dış Ticaret A.Ş. ("TeknoSA", or the "Company"), is an electronics retailer aiming to offer technology products to its customers at the most reasonable prices, and with best service quality.

Embracing the philosophy "Technology for Everyone", TeknoSA continues to take solid steps to advance in its sector via utilizing the strength of its widespread penetration, superior service quality, reliability, rapid growth and product diversity, as well as its dynamic, innovative, and entrepreneurial company structure. Always adhering to the principles of high quality and growth,

TeknoSA is the pioneering and leading Electronics Retailer that embraces the future together with its employees, stakeholders, and customers. TeknoSA runs its operations under three groups, namely retailing, dealer network, and e-commerce. The retail stores offer consumer electronics, photo, IT, telecom, and white goods. Having celebrated its 14th anniversary in 2014, TeknoSA is Turkey's first, and the most widespread electronics retailer. The Company launched its operations in 2000 with five stores, and currently operates across 81 cities with 291 stores, covering a retail space of over 171 thousand m^2, and with 3,511 employees.

The dealer network on the other hand, offers customers air conditioners, Sharp branded refrigerators white goods, and cash registers. Air conditioner sales are carried out under the İklimSA brand.

TeknoSA carries out e-commerce operations via teknosa.com, which was established in 2003 and started to operate in 2005, and also via kliksa.com, which was established in 2012 as a subsidiary of TeknoSA under the name KlikSA İç ve Dış Tic. A.Ş.

TeknoSA shares have been trading on the Istanbul Stock Exchange since May 17, 2012.

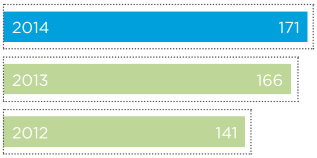
New regulations eliminating credit card installment payments for purchases of telecommunication products, and reducing the number of installments to nine for other electronic products, came into effect in February 2014. In addition, the negative impact of rising foreign exchange rates on demand and cost dynamics has made a negative impact on the sector in general.

Despite the challenging environment, TeknoSA maintained its leading position in the market and completed the year with TL 3 billion turnover.

TeknoSA responded swiftly to these new challenges in the market. launching TeknoFinans in June in order to provide new financing options to its customers, while also providing installments up to 36 months for all products including telecommunication.

With its philosophy of "Technology for Everyone", TeknoSA continues to advance in the sector with sure steps.

Net Sales Area
(thousand m²)



The Company launched its operations in 2000 with five stores, and currently operates across 81 cities with 291 stores, covering a retail space of over 171 thousand m², and with 3,511 employees.

Cost-cutting measures taken to control the rise in operational expenses caused by foreign exchange rate increases also yielded results; while the Company showed significant improvement in its operational profitability during the second half of the year. Following these measures, its EBITDA margin in the second half of the year rose to 3.4% from 1.9% in the first half of 2014, with an overall annual EBITDA margin of 2.7%. The Company has a 36% share in the TSS channel, and a 9% share in the general market. As of December 31, 2014, TeknoSA has a net cash position of TL 193 million.

The Company expects the upward trend to be maintained in the market over the next five years, with the Company's growth rate surpassing that of the market. In 2015, TeknoSA intends to increase its net sales space by 12% and reach 190 thousand square meters, while aiming for 10% growth in turnover. The investment target for 2015 is defined as between TL 45 million and TL 50 million.

TeknoSA evaluates all customer inquiries fairly and objectively and strengthens customer satisfaction by enhancing its complaints management system.

Vision

To act as the leading electronics retailer in the region, through “innovative” and “distinctive” products and services.

Mission

To always generate the exceptional customer experience with highly penetrated sales channels, a diverse portfolio of high quality products, and superior services.

Values

TeknoSA is a young and dynamic company that prioritizes customer satisfaction, strictly dedicated to ethical principles and social responsibilities, and one that initiates improvements.

Quality Policy

Offering products and services, TeknoSA is a company that prioritizes customer satisfaction, continuously improving its relationships with its suppliers, and that places importance on the development of its employees, ensuring the sustainability and efficiency of its lean and fast-moving organization by practicing modern management techniques, and that always conducts assessments for further improvement, with an innovative approach.

Complaints Policy

TeknoSA evaluates all customer complaints and demands received via the Company’s interactive channels, in a fair and objective manner within the boundaries of applicable laws and company policies under strict confidentiality. The Company continuously improves its complaints policy management to provide outstanding customer satisfaction.

With stores in 81 cities throughout Turkey, TeknoSA creates employment opportunities in its stores and via its extensive network.

TeknoSA is the first Turkish company to receive an award in the Brandon Hall Group Excellence Awards 2014.

TeknoSA Chosen as the Best-Managed Retailer

TeknoSA gained international success with its selection by Euromoney as the Best-Managed Company in Central and Eastern Europe in the Consumer Goods/Retail category. Euromoney magazine is one of the financial world's most acclaimed publications.

TeknoSA Academy Achieves Success in the International Arena

The first and only learning center in technology retailing to be certified by the Turkish Ministry of Education, TeknoSA Academy was awarded the "Best Prize" by the American Society for Training & Development (ASTD), the world's largest organization in the field of in-house training and performance.

Also in 2014, TeknoSA was awarded the Gold Prize in the "Best Use of Blended Learning" category with its "Career Path in Retailing" Program at the Brandon Hall Group Excellence Awards, one of the world's most prestigious competitions in the education and development field. TeknoSA became the first Turkish company to receive an award in this category.

TeknoSA Ranks First in Two Categories in ICT 500

TeknoSA was awarded prizes in two different categories following the "Top 500 Information and Communications Technology Companies" survey. The survey, now in its fifteenth year and conducted by İnterproMedya, showed the Company ranking first in the "Retail Chain" and "Information Technologies" categories.

TeknoSA is Consumers' Favorite Brand in Shopping Centers

According to the "Top Brands" survey, carried out for the sixth time in 2014 by the Turkish Association of Shopping Center Investors (AYD) and GFK, TeknoSA was selected as "Consumers' Favorite Brand in Shopping Centers" in the Consumer Electronics category.

Two Major Successes by teknosa.com

TeknoSA's online sales channel, Teknosa.com, was chosen as the "Technology-Focused E-Commerce Website of the Year" in the Webrazzi Awards. Taking a third of the votes in this category, Teknosa.com once more demonstrated its dominance in the field.

Additionally, Teknosa.com was chosen as "Favorite Technology Website" in an e-commerce website usage survey conducted by Marketing Türkiye magazine, in collaboration with DORinsight.

TeknoSA was selected as the Best-Managed Company in Central and Eastern Europe in the consumer goods/retail category by Euromoney magazine.

The TeknoSA mobile application received two awards in the International Stevie Awards, one of the business world's most prestigious events.

The "Hayat Çok Güzel" Campaign Sweeps the Board

TeknoSA's advertising campaign, "Hayat Çok Güzel" [Life is So Beautiful], was recognized with a Gold Effie in the Retail category at the Effie Turkey Awards, organized by the Turkish Association of Advertising Agencies, the Advertisers Association and Effie Worldwide, Inc.

The campaign, highlighting TeknoSA's presence when and wherever technology is required by humans, was also recognized at the 26th Crystal Apple Advertising Awards, winning the Crystal Prize in "Excellence in Application in the Best Sound Recording" category; the Silver Prize in "TV, Cinema and Digital" in the Retail Sales category, and the Bronze Prize in Integrated Campaigns.

TeknoSA: The Most-Liked and Most Trusted Technology Store in Turkey

In a survey conducted by DigitalAge in collaboration with IPSOS on the most-liked digital brands, TeknoSA was chosen as "Turkey's Most-Liked Technology Store."

Additionally, a survey on Turkey's most trusted brands, conducted by Mediacat, again in collaboration with IPSOS, TeknoSA was chosen as "Turkey's Most Trusted Technology Store."

The TeknoSA Mobile Application Receives Two Awards

TeknoSA's mobile application received two awards at the International Stevie Awards, one of the business industry's most prestigious events. The application, which enables customers to buy TeknoSA products via a user-friendly interface on their mobile phones and tablets, was awarded a Silver Prize in the "Shopping" category and a Bronze Prize in the "Utilities and Services" category.

TeknoSA Receives the Kariyer.net Respect for Human Award

TeknoSA received the Respect for the Individual Award, organized with Kariyer.net as the main sponsor and conferred upon companies that employ the highest number of employees, receive the highest number of job applications and respond to every job applicant. TeknoSA was chosen as the "Company with the Shortest Response Time to All Job Applicants" The award demonstrated the importance that the Company places on human resources organization and communications.

2000
- TeknoSA began operations with five retail stores.

2005
- TeknoSA Academy was established.

2007
- The Gebze Logistics Center commenced operations it a closed facility of 30 thousand m^2.
- Five stores of Electronic Partner, the German consumer electronics retailer, were acquired in Turkey.
- Two music stores were acquired from Uzelli in Turkey.
- ISO 9001 (Quality Management System) certification was received.
- Under the TeknoAsist program, another first for Turkey, after sales and product exchange/return services were made available to customers.

2003
- The website www.teknosa.com launched.

2006
- The number of stores exceeded 150.
- The “Scientific Retailing Program” was initiated for operational efficiency and infrastructure projects.
- Dealership operations were organized under İklimSA brand.
- E-learning was initiated.

2008
- TeknoSA Academy received the “Best Human Resources Program” award at the Retail Sun Awards.
- The Turuncu Kart (Orange Card) loyalty program was met with the customers.

2009

- "Exxtra" stores were opened.
- ISO 27001 (Information Security Management) certification was received.

2010

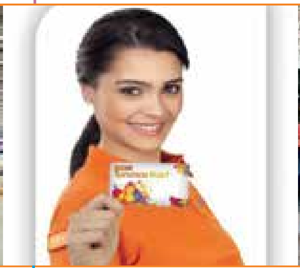
- The organization was restructured.
- "Rapid growth" strategy was replaced by "sustainable and profitable growth".

2012

- Company's shares began trading on the Istanbul Stock Exchange (IMKB) on May 17, 2012.
- www. kliksa.com (the e-commerce store) was launched.
- TeknoSA won the prize for the "Emerging Market Retailer of the Year", at the "World Retail Awards".
- Net turnover level of TL 2 billion is exceeded.

2013

- The Company set its 2023 vision as becoming one of the top three electronics retailers in Europe.
- With a turnover reaching TL 3 billion, TeknoSA further strengthened its market leadership position in Turkey.
- TeknoSA began to open its White Concept Stores.
- TeknoSA's mobile applications for Android and iOS devices were launched.


2011

- The operations of Best Buy, the American electronics retailer, in Turkey were acquired.
- The number of Turuncu Kart (Orange Card) holders reached 2.3 million.
- ISO 10002 (customer satisfaction) certification was received.

2014

- With the opening of stores in Bingöl, Ardahan, Hakkari and Şırnak, TeknoSA became the only technology retailer with stores in all 81 cities across Turkey.
- The number of Orange Card members reached 4.4 million.
- Click & Collect was initiated.
- TeknoSA was selected as the Best-Managed Company in Central and Eastern Europe in the "Consumer Goods/ Retail" category by Euromoney magazine.

In line with its vision to be one of the top three technology retailers in Europe, TeknoSA continued its investments in multiple channels in 2014.

In 2014, the number of visitors to TeknoSA's stores in 81 cities, as well as to teknosa.com, reached 200 million.

Financial Indicators (TL million)	2012	2013	2014
Net Sales	2,333	2,957	3,016
Total Assets	1,010	1,056	950
Total Shareholders' Equity	196	253	188
EBITDA	119	133	82
Net Profit	50.5	56.7	-20.0
Comparable Net Profit	47.7*	56.7	-9.9**

Operational Indicators	2012	2013	2014
Retail Space (thousand m^2)	141	166	171
Number of Stores	283	294	291
Number of Visitors (million)	100	108	101
Number of Customers (million)	8.0	8.5	7.5
Average Basket Size (TL)	271	304	345

Financial Ratios (%)	2013	2014
Current Raito (Liquid Assets/ Short Term Liabilities)	1.12	1.01
Liquidity Ratio (Liquid Assets-Stocks/Short Term Liabilities)	0.48	0.31
Total Liabilities/Shareholders' Equity	3.18	4.04
Total Liabilities/Total Assets	0.76	0.80

*A one-off reversal of TL 3 million provision set aside for store closures has been adjusted.
** Adjusted with TL 10.1 million one-offs regarding store closures and store closure provisions for 2015

Net Sales (TL Million)

2014	3,016
2013	2,957
2012	2,333

In 2014, TeknoSA realized net sales of TL 3,016 million.

Total Retail Space (thousand m^2)

2014	171
2013	166
2012	141

TeknoSA sales areas increased to 171 thousand square meters in 2014.

E-Commerce Sales (TL million)

2014	301
2013	186
2012	50

TeknoSA's e-commerce sales (Teknosa.com + Kliksa.com) expanded by 62% in 2014 to TL 301 million.

Average Basket Size (TL)

2014	345
2013	304
2012	271

The average shopping basket for TeknoSA consumers increased to TL 345, rising 13.49% in 2014.

As the first brand that comes to mind in electronics shopping, TeknoSA has the flexibility to customize its stores to different regions and demands through multiple store formats.

TeknoSA continuously strengthens its leadership position in electronics retailing, its main field of activity.

Starting out with the idea of devising the most suitable model for the domestic market, TeknoSA began its operations in 2000 with five stores, and since then has pioneered the establishment of Turkey's organized electronics retailing sector. And as Turkey's first electronics retailer, TeknoSA has also set the framework of the retailing concept as a result of its important infrastructural investments, and thus set an unrivalled example for newcomers to this developing sector.

Market Leader

While continuously increasing its market share in electronics retailing, its main field of activity, TeknoSA also strengthens its leadership position. In 2014, the Company has a 36% market share among technology super stores, while registering an overall market share of 9%.

Unlimited Customer Satisfaction

As the first brand that comes to mind in electronics shopping, TeknoSA has the flexibility to customize its stores to different regions and demands through multiple store formats. Additionally, with the Company's product and service diversity, TeknoSA adopts a customer oriented management style and considers customers its most valuable asset. To that end, the Company ensures customer satisfaction via several initiatives such as the Turuncu Kart (Orange Card) loyalty program, customer expectations management program, and service-oriented training programs for employees.

Customer Centric Scientific Retailing

TeknoSA is also distinguished from other companies by its sales and after sales service quality.

Placing considerable importance on Customer Experience Management, the Company strives to offer its customers the best possible experience at all customer contact points, including stores, websites, and the call center.

Privileged Customer Satisfaction

TeknoSA is the only electronics retailer in Turkey meeting ISO10002:2004 standards, which aim to improve a company's ability to handle customer complaints in a consistent, systematic, and responsible manner. In order to achieve the most privileged customer satisfaction in the sector, the Company offers its customers not only product information services, but also leads the way by offering several value added services such as, "444 55 99-TeknoAssist", "TeknoGaranti", and "Onsite Product Packages" assistance.

TeknoSA provides invaluable services to its customers, such as extending manufacturer warranties for up to five years with products like TeknoGaranti.

While Turuncu Kart (Orange Card) loyalty program subscribers were 3.8 million in 2013, the number increased 4.4 million in 2014.

24/7 After Sales Support

The TeknoAssist call center and www.teknosa.com provide 24/7 after sales support in order to meet customers' needs and expectations. Additionally, customer demands can instantly be met at in-store TeknoAssist service points. This Company practice is also a one of a kind in the sector.

The TeknoGaranti program enables customers to extend their products' warranty scope and period by up to five years, and to benefit from various value-added services such as onsite product installation assistance, unlimited repairs, and immediate product exchanges.

Exclusive Offers to Customers

TeknoSA stores and teknosa.com are visited by more than 200 million people annually. Meanwhile, the number of participants in Turuncu Kart (Orange Card) loyalty program, which offers customers customized services and discounts in line with their purchasing preferences, has reached 4.4 million. Within the frame of the Customer Relationship Management Project launched in 2008, TeknoSA has integrated the Turuncu Kart (Orange Card) loyalty program with mobile phones. Hence, the Company can interact with its customers not only at stores, but also via numerous means such as www.teknosa.com, and all incoming data can be consolidated in order to track customers more closely, and offer them better personalized services.

TeknoSA Academy

TeknoSA, the leading electronics retailer of Turkey, invests in human resources in order to nurture highly qualified and specialized employees. Accordingly, the Company established the TeknoSA Academy in 2005 with the purpose of achieving the highest customer and employee satisfaction possible. The Academy offers training and self-development programs not only to TeknoSA employees, but also to all young people who are technology enthusiasts, and wish to pursue a career in this field. TeknoSA Academy has graduated more than 10 thousand individuals since its foundation. Since 2014, it has been operating in a new 1,350 square meter space with nine classrooms.

Retail Operations Supported by Technology

The Company is able to closely monitor all new innovations and trends in the sector. Additionally, TeknoSA is the company in the sector making the biggest investments in research, and continues its investments in order to establish a powerful logistics infrastructure, and maximize the efficient use of information technologies. As of 2014 the Company has a sales area of over 171 thousand m^2, and a total warehouse space of 60 thousand m^2, consisting of 30 thousand m^2 of closed space. TeknoSA has the largest logistics center in its sector, located in Gebze/Istanbul, where all logistics operations are carried out. The Company's logistics center has online

Since 2014, TeknoSA Academy has been operating in a new 1,350 square meter space with nine classrooms.

Proceeding firmly in the industry with a modern, dynamic, innovative and entrepreneurial structure, TeknoSA establishes the standards in the domestic market.

connection to all stores, and all operations are carried out by utilizing information systems. Similarly at the stores, retail operations are supported by technology, while all processes including stock level controlling, product placement and label changing, are carried out via state of the art retailing tools.

Taking solid steps in its sector thanks to its up to date, dynamic, and innovative structure, TeknoSA sets the standards in the domestic market. The Company received an ISO 9001:2008 Quality Certificate, which is the most comprehensive certification available, as a result of its successful implementation of eight practices: Customer orientation, leadership, employee participation, managing through processes, systems approach to management, continuous improvement, as well as data-driven decision making, and building strong relationships with suppliers. TeknoSA was also the first company in the electronics retailing sector to receive ISO 10002:2004 certification, which sets the standards of customer satisfaction and complaints handling, and ISO 27001:2005 certification, which aims to assist in terms of an information security management system. Both certifications are granted by the International Organization for Standardization (ISO). As a result of investing in sustainable growth, profitability, and increased customer loyalty, TeknoSA is still the only electronics retailer in Turkey to have received ISO 9001:2008 Quality Management System, ISO 27001:2005 Information Security Management System, and ISO 10002:2004 Complaint Management System certification.

In the period from the balance sheet issue to February 12, 2015, the Group opened two new stores in Ankara and İzmir and closed down five stores in Mersin, Adana, Tokat and Ankara. With the opening and closing of these stores, the Group's total retail space decreased by 3,960 square meters.

In the period from the balance sheet issue to February 12, 2015, the Group, opened one store and closed one store for renovation purposes in Ankara. As a result of this renovation, the Group's total retail space decreased by 653 square meters.

We are delighted to now have one or more TeknoSA stores in all cities across Turkey and to be the technology retailer covering the entire country.

Valuable investors,

While we present to you the activities and the financial statements of TeknoSA İç ve Dış Ticaret Anonim Şirketi, pertaining to the period January 1, 2014-December 31, 2014, we would like to take the opportunity to thank all of you for honoring our General Meeting.

Welcome to the Annual General Assembly Meeting of TeknoSA.

Although 2014 was a challenging year for the economy, TeknoSA continued to invest in its vision of being Turkey's Technology Store, initiating projects that will make a difference and enable the Company to achieve its current and future objectives.

Before examining the details of our operations and returns in 2014, I would like to discuss Turkey's economic developments, as well as those worldwide, and other factors that impacted our industry.

The global economy is still struggling from the effects of the 2008 crisis. According to the United Nations World Economic Situation and Prospects (WESP) 2015 report, the global economic growth rate is projected to be 2.6% by the end of 2014. The only country among the developed countries to weather the financial crisis, relatively, has been the United States. The US economy grew by 2%, the highest in the past 11 years. In Europe, however, the recovery did not meet expectations and growth remained around 0.7%.

Japan, the third biggest global economy, finished the year with a recession; and China, the engine of the world's economic growth, had a 7% growth rate, the lowest in 24 years.

The deceleration in large economies like the Euro Zone, Japan and China resulted in declining oil and property prices, with a negative impact on manufacturing economies. The fact that oil supply did not retreat in line with oil demand, indicates that oil prices may continue to slide. On the other hand, the economic climate in the US is again prompting concerns that the US Federal Reserve may increase interest rates sooner than expected.

Observing the economy in Turkey, we see that it was somewhat sluggish throughout 2014 due to internal and external factors, with a growth of 2.8% in the first nine months. The engine of growth was external demand and attempts at reducing the current account deficit resulted in lessening domestic demand.

Private consumption expenses rose by just 1.3% in the first nine months. In 2014, major issues in the Turkish economy were the current account deficit, increasing unemployment and decelerating foreign capital flow, in an environment where the consumer price inflation was realized at 8.17%.

This economic environment caused a slowdown in technology retail, as it did in other industries. Although growth rates were not close to those of last year, they were still higher than the global average. Where consumption slackened in some categories, high-interest products like televisions and smartphones enabled the market to continue to grow. The turnover in Turkey's consumer electronics products market is expected to reach TL 35 billion in 2014.

Teknosa.com grew by approximately 50% compared to the previous year.

At TeknoSA, the share of mobile sales within e-commerce reached approximately 10%.

In addition to the overall economic recession, a significant item on the agenda was the limits set on credit card installment payments and the elimination altogether of credit card installment payments for telecommunications products. Despite the negative impact of these regulations on the industry, and the impact of climbing foreign exchange rates on demand and cost, TeknoSA completed the year with TL 3 billion turnover.

TeknoSA completed new initiatives in retail, e-commerce and mobile commerce in 2014, with its philosophy of "Technology for Everyone" and its aim to be available for consumers at any point they need technology. It expanded its service network to all 81 cities in Turkey with the opening of new stores in Ardahan, Bingöl, Hakkari and Şırnak-a challenging feat to be matched by its competiors in the sector in the foreseeable future. We are delighted to have at least one TeknoSA store in all cities in Turkey; that there is now a technology retailer encompassing the entire country is a major milestone for the industry.

With a multichannel strategy aimed at improving customer experience, we have continued to expand in digital channels. Teknosa.com experienced growth of approximately 50% compared to the previous year. Our mobile application was downloaded almost 1 million times over the year, with e-commerce sales from mobile reaching approximately 10%.

Kliksa.com, the online shopping platform for KlikSA İç ve Dış Ticaret A.Ş. established by TeknoSA capital, also continues to provide consumers with a wide range of competitively-priced products under Sabancı assurance. Kliksa.com, established in 2012 and including more than 250 thousand products, almost doubled its growth in 2014 on a yearly basis.

As Turkey's leading company in technology retailing and aiming to spearhead new technological products and excellence in service, TeknoSA continued to initiate projects during the last 12 months that would make a difference. With new financing options available under TeknoFinans brand, we have provided advantageous opportunities for consumers to meet their technology and electronics needs.

This next year will be one of balancing economic risk and opportunity in both Turkey and the rest of the world. Expectations for Turkey's growth this year are similar to those in 2014. At Sabancı Group, we maintain a strong belief in Turkey's even greater potential for growth and will do our part to mobilize that potential.

Our strategy allows us to better evaluate these powerful resources, in the industry, our young and dynamic population, and rapidly-expanding modern shopping platforms and technological developments; as well, we will manage risk in the most effective way possible.

TeknoSA will continue to push the boundaries of current and future technology retailing in 2015 and it will be a year in which we further increase our value for all our stakeholders. Our Company's objective is to continue its leadership position in all areas within the industry with our brand, financial strength, expert and energetic team, and our innovations, as well as the trust we hold with customers and the value it provides.

I wish a prosperous year for our country and for our company in 2015 and extend my gratitude to all our stakeholders who have contributed to the past, current and ongoing leadership of TeknoSA.

Respectfully yours,

Haluk Dinçer
Chairman of the Board of Directors

Board of Directors*

Haluk Dinçer
Chairman
Mr. Dinçer earned a B.S. degree in Mechanical Engineering in 1985 and an M.B.A. in 1988, both from the University of Michigan.

He began his professional career as a Product Development Engineer at General Motors in 1985. Later he worked at Koray Yapı, Dinçer & Dinçer, and Temsa companies, serving as Director of Business Development and Foreign Relations, Board Member, Vice Chairman, and Executive Member, respectively. Mr. Dinçer joined Hacı Ömer Sabancı Holding in 2001, and is the Chairman of TeknoSA and the President of the Retail and Insurance Group since September 2004.

Temel Cüneyt Evirgen
Vice Chairman
Temel Cüneyt Evirgen received a double degree in Mathematics and Electrical Engineering from Boğaziçi University in 1986. He then received his Masters degree in Marketing from the same university in 1990, and his PhD degree in International Management Studies from Michigan State University in 1995.

He began his professional career as a Teaching Assistant at Boğaziçi University in 1986. Later, he worked as an Intercultural Program Assistant at the University Apartments Campus, and as a Systems Development Researcher and Consultant at International Business Center, both at Michigan State University. He then served as General Manager and Board Member at Bileşim International Research & Consultancy, as Part-time Faculty Member at Koç University, and as Director of Retail Program at Sabancı University, respectively. Mr. Evirgen is currently an Executive Member of the Professional Education and Consultancy division at Sabancı University. Between 2005 and April 2012, he was a Board Member at TeknoSA. And as of April 2012, he was appointed as Vice Chairman of TeknoSA.

Muhterem Kaan Terzioğlu
Independent Board Member
Muhterem Kaan Terzioğlu graduated from Boğaziçi University, at the Department of Business Administration in 1990.

He began his professional career in the same year as an Independent Auditor and CPA at Arthur Andersen Turkey. In 1992 Mr. Terzioğlu joined Arthur Andersen USA as IT Strategies and Security Specialist, and in 1994 began working at Arthur Andersen Belgium as the Leader of Information Management and Digital Strategy Services. In 1998 he returned to Arthur Andersen Turkey as Vice President of Consultancy Services Turkey Operations. Between 1999 and 2012, he served as the Team Leader of E-Commerce Strategies for the EMEA region, Sales Director of Advanced Technologies for the EMEA region, Managing Director of Technology Marketing Organization for the EMEA region, and Vice President of Central and Eastern Europe at Cisco Systems Brussels branch, respectively. Mr. Terzioğlu has been serving as an Independent Board Member at TeknoSA since April 2012.

*TeknoSA Executive Board Members are elected for three-year periods. The current Executive Board began its term in April 2012.

Oğuz Nuri Babüroğlu
Independent Board Member

Oğuz Nuri Babüroğlu graduated from Sussex University in 1977. He received his Master's Degree from Lancester University, and his PhD degree in Social Systems Sciences from the Wharton School of the University of Pennsylvania.

He pursued his teaching career at West Chester University in USA, at Clarkson University, INSEAD, Work Research Institute, Bilkent University, and the Norwegian University of Science and Technology's EDWOR program, respectively. Mr. Babüroğlu has been teaching at Sabancı University since 1998. In 1995 he founded Arama Participatory Management Consultancy, and is also the Founding Director of Akıl Limanı Mindport Education Services. Mr. Babüroğlu has been a Board Member at ETİ Gıda Sanayi ve Ticaret A.Ş. since 2006, and an Independent Board Member at TeknoSA since April 2012.

Neriman Ülsever
Board Member

Neriman Ülsever graduated from Boğaziçi University, Department of Business Administration and Operations Research in 1975.

She began her professional career at Turkish Airlines in 1973, assuming several duties within that company. Ms. Ülsever later worked at Anadolu Bankası A.Ş., Emlak Bankası A.Ş., Group Sanfa, and Impexbank, respectively. Starting from 1995, she has worked at İKE Ltd. Company, of which she was the Managing Partner, and where she specialized in the areas of human resources consultancy and training. Ms. Ülsever has also worked at Indesit Company, which entered the Turkish market in 1995, assuming several duties both in Turkey and overseas. She worked in Switzerland as HR Director of Eastern European and International Markets between 1999 and 2002, and in France as HR Director of Western European Markets between 2001 and 2004. Ms. Ülsever served as HR Director in charge of the World Trade Organization in Italy between 2004 and 2006, and was the Global HR Director and Executive Committee Member of Indesit Company in Italy between 2006 and 2010. Ms. Ülsever has been a Board Member at Indesit Turkey since 1996, and was appointed as the Chairman in 2011. On May 16, 2011 he joined Sabancı Holding. Ms. Ülsever has also been serving as Board Member at TeknoSA since April 2012.

Barış Oran
Board Member

Barış Oran graduated from Boğaziçi University, at the Department of Business Administration, and received his Master's degree from the University of Georgia.

Mr. Oran began his professional career as an Auditor at PriceWaterhouseCoopers in 1995, and between 1998 and 2003, worked at Sara Lee Corp. in Chicago/USA, assuming several duties in auditing, finance, and treasury/capital markets. Between 2003 and 2006, he worked at Ernst and Young in Minneapolis/USA, and then became Executive Manager at the same company in charge of Europe, Africa, and Indian regions. Mr. Oran joined Kordsa Global in 2006, and served as Director of Internal Audit, Director of Global Finance, and CFO, respectively. In 2011 he was appointed Director of Finance at Sabancı Holding, and since 2012 has been serving as Head of Planning, Reporting, and Finance Department at Sabancı Holding. Mr. Oran has been a Board Member at TeknoSA since April 2012.

2015 will be the year when innovations turn them into values. We have made plans that ensure that we will be leading innovations in technology, new collaborations and new initiatives.

Esteemed Shareholders,

As the leader in technology retailing in Turkey, we have been spearheading the industry since our establishment in 2000. We have continued to invest in our future, creating value for both our company and the industry in 2014.

The technology retail industry proved to be dynamic and evolving in 2014. With internal and external factors, the overall economic picture and fluctuations in foreign exchange rates, the industry had a rough year. Regulations aimed at reducing the current account deficit, constraints with regard to credit card installment payment limits and the elimination of installment payments for telecommunications products were major developments in the industry. These developments had a detrimental impact on growth in the industry but it remained above the global average.

Despite difficult conditions in the economy and the industry, TeknoSA completed the year with TL 3 billion turnover and continued its leadership in the industry with 9% total market share and 36% share in technology retail. Cost-cutting measures, taken to control operational expense increases due to the increase in foreign exchange rates, provided improvement in operational profitability in the year's second half.

Our company, which started its journey in 2000 with the aim of making technology accessible to everyone in Turkey, is providing services in 81 cities in Turkey in 2014 with the opening of new stores and passed a crucial milestone. As of year-end 2014, we have reached 171 thousand square meters of sales space with 291 stores.

We want technology and TeknoSA to reach all citizens in Turkey. In line with this intention, we put new practices into effect over the past 12 months in the area of modern multichannel retailing, offering consumers a seamlessly integrated experience whether they are shopping in store or on their computers, mobile phones or tablets. That we were shortlisted as one of the seven companies for Omnichannel Retailer of the Year at the World Retail Awards 2014 demonstrates that we are on the right track.

As we continued our growth trend in e-commerce with teknosa.com, we have also had positive response from our mobile applications initiated at the end of last year. These applications were well-received by users and thus we have created one million mobile stores via downloads. While teknosa.com grew by approximately 50% compared to the previous year, the share of mobile sales in e-commerce was 10%.

New credit card regulations that came into effect in February 2014 eliminated the option of purchasing telecommunication products with credit card installment payments, and limited to nine the number of installments for other electronic products. These regulations prompted a drop-off in demand for products that consumers need. Previously, purchases in the electronics sector paid via credit cards rose by more than 20% annually; in 2014, this rate flattened to 1%. We have addressed this issue by providing our customers with alternative financing models through TeknoFinans. An example of these alternative models is our products, TeknoKredi and Kredi Ekspres. Both financing products can be obtained within 10 minutes at our stores, providing consumers with up to 36 months to complete their payment, for all our product lines. We have worked with two banks that are competitive in this field and we provide the most widespread service network.

"TeknoSA Service Packages," developed to meet customers' post-sales needs and expectations, and "TeknoGaranti," which provides additional warranty options, saw record growth of more than 1.5 times in comparison to the previous year.

To more effectively communicate with our customers and provide services, we also focused on social media. With more than 2 million likes on Facebook and around 250 thousand followers on Twitter, we succeeded in being among Turkey's top brands on social media.

The most important architect of TeknoSA's success is our more than 3,500 human resources.

The added value we provide was returned with our success in ranking among the major companies in Turkey, and the awards we have received.

Our loyalty program, Turuncu Kart, introduced in line with our aim to provide a personalized customer experience and enrich customer benefits, continued to grow and reached more than 4.4 million members at year-end 2014.

Providing services as part of TeknoSA, "Turkey's Air Conditioning and Refrigeration Center – İklimSA," was restructured in March 2014, strengthening its synergy with TeknoSA. Providing consumers with over 100 models in more than 200 stores across Turkey, İklimSA reached TL 95 million turnover with its 189 authorized dealers in 41 cities and its 221 authorized service providers in 65 cities in Turkey.

The most important architect of TeknoSA's success is our more than 3,500 human resources. Our Academy, which continues to provide new talent to TeknoSA and the technology retail industry, became a strong model in the international arena as well. TeknoSA Academy has graduated more than 10 thousand students since its foundation. And with its "Mağazacılıkta Kariyer Yolu" [Career Path in Retail] program, TeknoSA Academy received a Gold Award in Best Use of Blended Learning in the "Excellence in Learning" category at the Brandon Hall Group Excellence Awards 2014, becoming the first company in Turkey to receive this award. TeknoSA Academy was also awarded the Best Prize by the American Society for Training & Development (ASTD). We will continue to invest in education in every channel, and will act in accordance with our mission to provide employment and qualified human resources for the industry.

Like all companies that are part of the Sabancı Group, we are highly aware of our social responsibility and support projects that we realize with corporate citizenship awareness.

We assume responsibility in areas ranging from education, sports, arts and the environment to empower even more people to benefit from technology. Within the framework of the Technology for Women project, in operation since 2007, we have organized free computer training courses in Adıyaman, Balıkesir, Eskişehir, Mersin, Manisa, Soma, Burdur and Gaziantep in 2014. At this time, we have provided training to approximately 14 thousand women in 55 cities.

We also continue to act as the Technology Supplier for National Teams as part of our agreement with the Turkish Football Federation. In addition we provide technology support for educational institutions and non-governmental organizations.

That our contribution to the industry and to public life yields returns in the form of awards adds to our motivation and strength. As TeknoSA, we were selected as the best-managed company in Central and Eastern Europe in the "Consumer Goods/Retail" category by Euromoney magazine and we also ranked first in the "Retail Chain" and "Information Technologies" categories according to the "Top 500 Information and Communications Technology Companies" survey. Furthermore, according to the "Number 1 Brands" survey, carried out by the Turkish Association of Shopping Center Investors (AYD) and GFK, we were once again selected as consumers' favorite brand in our field.

When global and regional developments are taken into consideration, expectations for economic growth are quite similar this year. However, it is very important for Turkey to put this year into good use by making significant breakthroughs, with its dynamism and potential. Our country is an important growing market for consumer technology products. There was recession and even decline in the world economy in 2014 but the double-digit growth in Turkey is a significant indicator of our country's position.

That technology is rising on the list of requirements, the opportunities provided by new technologies, and a young and energetic population able to swiftly adapt to new technologies constitute important prospects for the industry. The Internet, wearable health and communication products, home surveillance and security devices and numerous other choices have opened additional avenues to enhance quality of life. In the near future, these developments will also create new sources of income and business models, steering both change and the evolution of the retail industry. Being accessible at any point and from any device has become essential in retail.

As consumers' lives get easier with the ability to shop from anywhere at any time, in-store display techniques and tracking systems enable companies to provide services even before customers request them. In the coming period, smart retailing will merge with customer-oriented services and boost many an industry.

2015 will be the year when we break ground in innovations and turn them into values. We have made plans that ensure that we will be leading innovations in technology, new collaborations and new initiatives. Our aim is to further secure our leadership position in the industry by adding value for our customers. In line with our country's goals for the future, we intend to step firmly towards our vision of becoming one of the top three technology retailers in Europe by 2023.

I believe that together we will achieve an even greater performance in 2015, and I extend my thanks to our employees, customers, business partners and shareholders. You have made us who we are today, and your support assures us success in our goals.

Respectfully yours,

Necil Oyman
General Manager

Executive Committee of TeknoSA

Necil Oyman
General Manager

Necil Oyman graduated from Istanbul University, Faculty of Economics, Department of Econometrics in 1995. He received an MBA degree from Sabancı University in 2008.

Mr. Oyman began his professional career as Sales Manager at Ericsson Turkey in 1999, and then continued to work as Foreign Markets Manager at the same company.

Subsequently, he assumed the position of National Sales Manager at DanoneSA, and Sales Director at GıdaSA, respectively. Mr. Oyman joined TeknoSA in 2007, and served as Group Sales Director, Sales Director and Assistant General Manager of Sales, respectively. He is married, has two children, and speaks fluent English and French. Mr. Oyman is currently the General Manager of TeknoSA.

Z. Korhan Bilek
Finance Director

Z. Korhan Bilek graduated from Boğaziçi University, Department of Electrical and Electronics Engineering in 1998. In 2000, he received an MBA degree from the University of Rochester (USA).

Mr. Bilek began his professional career as an Analyst at the Federal Reserve Bank of Cleveland. He later worked as Expert Analyst at Ak Yatırım Menkul Değerler A.Ş. and as Specialist, Manager and Director at Sabancı Holding Retail and Insurance Group, respectively. Mr. Bilek is married, has one child and speaks fluent English. He joined TeknoSA in 2013 and currently serves as Finance Director.

Ayşegül Bahçıvanoğlu
Strategy and Business Development Director

Ayşegül Bahçıvanoğlu graduated from New York University's Stern School of Business.

She began her professional career in the Corporate Banking Department at Citibank, and later worked as Senior Management Consultant at A.T. Kearney; Advisor to the CEO at Yurtiçi Kargo Geopost; Restructuring Manager at Mey İçki A.Ş., Texas Pacific Group, respectively. After joining Peppers and Rogers Group in 2007, Ms. Bahçıvanoğlu served as Director of the Brussels Office from 2008 to 2011, and as Managing Partner in the Johannesburg Office, South Africa, for the last two years. Ms. Bahçıvanoğlu speaks fluent English and French. She joined TeknoSA in 2013 and currently serves as Strategy and Business Development Director.

Cenk Öcal
Sales Director (North)

Cenk Öcal graduated from Anadolu University, Department of Business Administration in 1996 and studied Public Relations at the same university from 2008 to 2010.

He began his professional career in 1991 as Sales Supervisor at Merloni. He later worked as Marmara Regional Manager at AEG Electrolux, Department Manager at Real Hipermarket, National Chain Accounts Sales Manager at L'Oréal Turkey, and as Sales Manager at Alomax Telekom, respectively. After joining TeknoSA in 2007, Mr. Öcal worked as Regional Supervisor and Regional Manager. He currently serves as Sales Director (North). Mr. Öcal is married, has two children, and speaks fluent English.

Ahmet Asaf Ozan
Sales Director (South)

Ahmet Asaf Ozan graduated from Dokuz Eylül University, Department of Public Administration in 1996.

He began his professional career as an Advertising Consultant at Izmir Basın Yayın in 1998, and later worked in the Accounting Department at Pilsa. After joining TeknoSA in 2000, Mr. Ozan worked as Store Manager, Regional Supervisor and Regional Manager, respectively. Mr. Ozan is married, has one child, and speaks fluent English.

Cemal Cem Işık
Marketing Director

Cemal Cem Işık graduated from Middle East Technical University, Department of Geological Engineering in 2002.

He began his professional career as a Sales Consultant at Circuit City in the US, and continued to work there for six years as Department Supervisor, Department Manager, Operations Manager, After Sales Support Project Manager, Store Manager and Regional Manager, respectively. Subsequently, he served as Operations Manager and Store Manager at Lowe's Home Improvement, in the US. After joining TeknoSA in 2009, Mr. Işık worked as Big Stores Sales Manager and Sales Manager for the Black Sea and East Marmara Regions, respectively. He currently serves as Marketing Director. Mr. Işık is married, has one child, and speaks fluent English.

Revna Besler
Human Resources Director

Revna Besler graduated from Boğaziçi University, Department of Psychology in 1993.

In 2009, she completed the Business Strategy for HR Leaders Program at INSEAD in France. After beginning her professional career in 1993 as a Training Assistant at Intercon, Ms. Besler worked as HR Specialist at Lafarge Turkey; HR Manager at DanoneSA; HR Director at Schering-Plough, and HR Director of MerckSharpDohme (MSD) Turkey after the merger of Schering-Plough and MSD; and HR Director at Sabancı Holding, respectively. She has been a Member of the Board of Directors of PERYÖN since 2008. Ms. Besler speaks fluent English and has one child. She joined TeknoSA in 2013 and currently serves as Human Resources Director.

Seçil Özekin Erdoğan
Supply Chain Director

Seçil Özekin Erdoğan graduated from Boğaziçi University, Department of Business Administration in 1995. She later received an MBA degree from the University of Rochester, William E. Simon Graduate School of Business in 1997.

After beginning her professional career in 1998 as Assistant Strategic Planning Expert at Şişecam, Ms. Erdoğan worked as Finance and Planning Specialist at Sabancı Holding Food and Retail Group, and Financial Planning and Analysis Manager at GıdaSA, respectively. Ms. Erdoğan is married, has two children, and speaks fluent English and German. She joined TeknoSA in 2007 as Project Development Manager, and currently serves as Supply Chain Director.

Tunç Şenyol
Information Systems Director

Tunç Şenyol graduated from Istanbul Technical University, Department of Mechanical Engineering in 1992. He received an MBA degree from Marmara University in 1993.

After beginning his professional career in 1993 as Treasury Expert at Garanti Factoring (as currently known), Mr. Şenyol moved on to the information technology field and worked as a Technical Expert in Atlanta, USA. He then joined Sabancı Group, and served as IT Supervisor, IT Manager, Technology Manager and Director of Operations at MarSA, GıdaSA, Sabancı Holding and BimSA, respectively. Mr. Şenyol is married, has one child, and speaks fluent English. He joined TeknoSA in 2013 and currently serves as Information Systems Director.

Tansu Öztorun
İklimSA Sales Director

Tansu Öztorun received his BSc in Mechanical Engineering from Istanbul Technical University and his MSc in Mechanical Engineering from Istanbul University.

Öztorun began his professional career as Product Manager at Motosan in 1990. He later worked as Post Sales Engineer at Kurteks A.Ş. and as Trade Specialist at Otokar. At ToyotaSA, where he spent 11 years, he worked as Marketing and Sales Training Specialist, Sales Training Chief, Direct Sales Chief, Fleet Sales Chief, Corporate and Special Sales Manager and Toyota Retail System (TRS) Manager respectively. Between 2008 and 2011, he worked as Sales and Marketing Director at Hedef Filo Servis A.Ş., and between 2012 and 2014, as a consultant at Bir Psikodrama Eğitim ve Danışmanlık, and later as General Manager at a Renault Authorized Dealer. Tansu Öztorun started working at TeknoSA in 2014 and continues to work as İklimSA Sales Director.

Nevgül Bilsel Safkan
General Manager, KlikSA

Nevgül Bilsel Safkan graduated from Istanbul University, Department of Business Administration (English) in 1993.

The same year, Safkan began her professional career at the Department of Auditing at Arthur Andersen. She completed the Executive MBA Program at Boğaziçi University in 2003, and later worked as Financial Controller, Finance Director and Finance & IT Director, respectively, at Karma International, Superonline and Paxar Turkey. In 2005, Safkan joined Sabancı Group as Finance Director of Marsa Kraft Foods. In 2006, she was appointed as Finance Director at TeknoSA İç ve Dış Tic. A.Ş., where, in 2009, she became CFO. In 2013, Safkan joined KlikSA İç ve Dış Tic. A.Ş. as General Manager and she currently continues to work in this position. Safkan speaks English and German, and is married with one child.

Emel Sayınataç
Finance Director, KlikSA

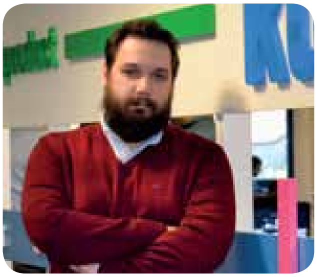
Emel Sayınataç graduated from Marmara University, Department of Business Administration (English) in 1993.

The same year, Sayınataç started her professional career at the Department of Auditing at Price Waterhouse Coopers. She later worked as Financial Controller at Finans Yatırım Ortaklığı, as Financial Control Manager at Finans Yatırım and Egebank, as Internal Auditing Manager at TAIB Yatırım Bank, and as Finance Manager at TeknoSA. In 2013, Sayınataç joined KlikSA İç ve Dış Tic. A.Ş. as Finance Director. Sayınataç speaks English, and is married with two children.

Hakan Kayaman
KlikSA Category Director

Hakan Kayaman graduated from the Department of Chemistry at Boğaziçi University in 1995.

Kayaman began his professional career as Sales Representative at Roche in 1996. He later worked as Product Specialist at Profilo. In 1998, he joined Sabancı Group as Product Management and Sales Planning Manager of İklimSA. In 2004, he was appointed as Category Group Manager at TeknoSA İç ve Dış Tic. A.Ş., where, in 2010, he became Marketing Director. Following his experience at TeknoSA, between 2012 and 2014, he worked at Gittigidiyor/eBay as Sales and Marketing Director and Commercial Director, respectively. Kayaman joined KlikSA İç ve Dış Tic. A.Ş. as Category Director in 2014. Kayaman speaks English, and is married with three children.



Tolga Ertam
KlikSA Operations Director

Tolga Ertam graduated from the Department of Industrial Engineering at the Middle East Technical University in 1994.

That same year, he began his professional career as Assembly Line Engineer at Arçelik. He later worked at DHL as Operations Supervisor, Operations Development Manager, Supply Chain Projects Manager and Project Optimization Manager, respectively. Between 2008-2010, he worked as Supply Chain Director at Best Buy. In 2011, he transferred to HAVI Logistics, where he worked as Business Development Director and Operations Director, respectively. Ertam joined KlikSA İç ve Dış Tic. A.Ş. as Operations Director in 2014. Ertam speaks English, and is married with two children.

Özberk Ölçer
KlikSA Marketing Director

Özberk Ölçer started his professional career as Tournament Coordinator at Siberlig in 2003. Ölçer organized more than 10 professional game tournaments, four on a national scale, and also served as Tournament Referee for the World Cyber Games between 2004 and 2010. Ölçer joined Quinta Travel as E-commerce Manager in 2010, where he carried out significant projects including e-commerce development for major hotel chains and integration of digital platforms such as Expedia. In 2008, he transferred to SEM A.Ş. as Software Engineer and later worked as Web Analytics Director and Performance Marketing Director, respectively. During his time at SEM A.Ş., he worked as a consultant for digital marketing and e-commerce for some of Turkey's leading companies. Ölçer has also given lectures on "Analytics and Digital Marketing" at Galatasaray University, Bilgi University and Google Academy. In 2014, Ölçer joined KlikSA İç ve Dış Tic. A.Ş. as Marketing Director. Özberk speaks English, and is an authority in performance marketing, web analytics, conversion optimization, SEO and SEM.

With their unique design and a product range consisting of globally renowned brands, TeknoSA presents the technology stores of the future.

With fast and consistent growth achieved over a short span, TeknoSA has become the most widespread technology retailer in Turkey, offering quality of service, trustworthiness, growth and a diverse product range.

Retail Sales

Operating under the Hacı Ömer Sabancı Holding A.Ş., TeknoSA is an electronics retailer that offers its customers technology products with outstanding prices, and best service quality.

Steady Growth over the Past 14 Years

TeknoSA commenced its operations in 2000 with 5 stores, and as of today operates across 81 cities with nearly 300 stores. The Company achieved steady growth within a very short period of time, and thanks to its widespread penetration, superior service quality, reliability, rapid growth, and product diversity, it became the most widespread electronics retailer in Turkey. Having started out with only 163 employees, today TeknoSA employs 3,500 people, all of whom are experts in their relative fields, and the Company continues to improve both its service quality and product portfolio.

Retail Chain with Highest Penetration in Turkey

Embracing the philosophy "Technology for Everyone", TeknoSA offers its customers thousands of technology products-including electronic devices, telecom devices, personal care equipment, and household appliances-from hundreds of global brands, through its widespread retail network. With the ability of opening diverse store types customized to different regions and specific demands, TeknoSA steps beyond standard store concepts, and meets its customers via multiple store formats. With their unique designs and a large variety of products from distinguished global brands, TeknoSA stores adopt a futuristic style. Large-scale TeknoSA Extra and Exxtra stores, reflect the Company's innovative approach.

Uninterrupted Customer Service

In order to meet its customers' technology needs, TeknoSA offers uninterrupted customer service via its call center TeknoAssist (444 55 99), as well as the www.teknosa.com online store, providing a wide range of products.

İklimSA

As part of TeknoSA A.Ş., İklimSA operates in the air conditioning and refrigeration industry. Positioned as "Turkey's Air Conditioning and Refrigeration Center," İklimSA provides globally-leading brands under one roof reinforced with the 29-year expertise of Sabancı Holding. İklimSA stores include Mitsubishi Heavy Industries, General, Sharp, Sigma (private label) air conditioners and Sharp refrigerators.

With four different brands and nearly 200 models, İklimSA provides services in 189 authorized dealerships in 41 cities and in 221 authorized service centers in 65 cities in Turkey. İklimSA considers post-sales services an essential component of customer satisfaction and provides high quality service across the entire country.

In 2014, TeknoSA amplified its human resources, investment in technology and transfer of resources, particularly in e-commerce.

TeknoSA has been leading a bi-platform e-retail strategy, generating a growing share of both the electronics retail industry and the rapidly developing e-commerce industry.

Strong Trend in E-commerce

The year of 2014 was one of advancements for TeknoSA in areas such as labor force, technology investments, resource transfers, and especially e-commerce. The Company has pursued a two platformed e-commerce strategy to gain share in both electronics retailing and the rapidly growing e-commerce sectors. As a result, it increased the volume of www.teknosa.com, and accelerated its investments in www.kliksa.com, launched in March 2012.

Aside from its standard, Extra and Exxtra store formats, TeknoSA views www.teknosa.com as its fourth store format, the main purpose of which is to organize the link between the online store and other stores. Indeed, www.teknosa.com has the dual function of facilitating stock control, and making all technology products available to customers in regions where only small scale stores exist.

While the number of visitors to teknosa.com continued to increase, the number of customers shopping through mobile channels also grew rapidly. Mobile traffic increased 4.5 times when compared to 2012. The number of subscribers to the Company's iOS and Android apps exceeded 1 million.

KlikSA Nearly Doubled Its Growth Rate

The e-commerce platform of Sabancı Group, KlikSA has almost doubled its growth in terms of turnover in 2014. Displaying more than 250 thousand products in categories such as consumer electronics, mother-baby and toys, automobile accessories, sports and outdoor, watches and eyewear, and cosmetics, kliksa.com determined a steady growth strategy aimed towards exceeding the industry average. Investing US$ 10 million in technology in order to establish a worldstandard e-commerce platform, KlikSA intends to proceed with infrastructure development, the establishment of a digital marketplace business model, and projects that will change the trajectory of e-commerce.

With its strong cash balance, TeknoSA will continue to make use of potential purchase opportunities in the coming period.

TeknoSA continued its growth by investing in new stores in accordance with its goals in 2014.

Investments

TeknoSA, the most widespread and the most accessible technology retailer in Turkey, continued its growth by investing in new stores in accordance with its 2014 objectives. With its "Technology for Everyone" philosophy, TeknoSA provides electronics and technological products in 81 cities in Turkey. As of year-end 2014, its total sales area has exceeded 170 thousand square meters.

TeknoSA continues to steadily grow in its area of operation while taking advantage of inorganic growth opportunities in the past years. In 2007 the Company acquired Uzelli music stores, and the Turkish operations of Electronic Partner, a Germany based company that was the first foreign consumer electronics retailer to enter the Turkish market. TeknoSA also acquired the Turkey operations of American Best Buy in 2011.

Forecasting the continuation of the consolidation in the technology retailing sector, our Company will continue to take advantage of the possible opportunities of mergers and acquisitions in the upcoming period with its strong cash position.

TeknoSA regards Corporate Governance Principles as an indispensable part of its corporate culture. Corporate Governance at TeknoSA İç ve Dış Tic. A.Ş. is carried out in accordance with the Company's ethical values, in a responsible manner both internally and externally, with a full awareness of risks, with a transparent and responsible attitude in all decisions, in a sustainable success oriented fashion, and by always looking out for the interests of the Company's stakeholders.

The Company policies devised in accordance with Corporate Governance Principles, are briefly summarized below, and the complete details can be found on the Company's website, www.teknosa.com.

Disclosure Policy

TeknoSA's management adheres to the principle of keeping transparent and close communication with its shareholders and stakeholders. The Company's main goal is to increase its tangible and intangible value for the existing shareholders and stakeholders while rendering its shares appealing to prospective investors.

The Information Policy has been prepared in accordance with article 17 of "Communiqué on Special Circumstances," Series I Nr 15.1, issued by the Capital Markets Board and has been announced to all stakeholders through the TeknoSA İç ve Dış Ticaret A.Ş. Investor Relations Website (http:/yatirimci.teknosa.com/).

Shareholder Structure

Corporate Name/Name-Surname	Capital Share (TL)	Capital Share (%)
Hacı Ömer Sabancı Holding A.Ş.	66,310,509.61	60.28
Dilek Sabancı	5,734,598.68	5.21
Sevil Sabancı	5,734,598.68	5.21
Serra Sabancı	5,734,638.83	5.21
Other Sabancı Family	13,660,996.39	12.42
Free Float	12,824,657.81	11.66
Total	**110,000,000.00**	**100.00**

Employee Structure	2013	2014
Administrative Personel of TeknoSA	522	536
Store Personel of TeknoSA	3,549	2,902
KlikSA	80	73
Total	**4,151**	**3,511**

As the first and most widespread technology retailer and in line with its scientific retailing principles, TeknoSA places great emphasis on training qualified human resources.

TeknoSA aims to become an exemplary company with strong human resources management of global standard, a place where everyone wants to work and where all employees are proud to work.

Human Resources Policy

TeknoSA aims to become an exemplary company where a world class human resources management policy is implemented, and where everyone prefers to or are proud to work at. At TeknoSA, Human Resources Policies define the essential practices and priorities pertaining to human resources management.

Remuneration Policy

At TeknoSA, employee compensation is determined in accordance with the Company's vision, mission, and values, and under the "Family Business Model and Compensation Management System" in order to ensure competitive, fair, motivating compensation for the employees as well as to enable cost controlling.

Remuneration to be paid to the Board of Directors as compensation for their services is determined at the General Assembly. All benefits and compensation are detailed under the notes to the financial statements.

Donation and Aid Policy

In accordance with the Capital Markets Law and the guidelines of its regulations, TeknoSA may aid and donate to persons, non-governmental organizations, associations or charitable foundations, universities, public organizations or institutions that operate with an understanding of social responsibility including but not limited to the fields of education, culture, arts, environment and sports.

A material disclosure is made, as required, if the donations and aids carried out by TeknoSA within Capital Market Legislation is at least 1% and over of the total asset of the latest balance sheet announced to the public or if the sum of donations and aids lower than 1% reaches at least 1% of the total assets of the latest balance sheet announced to the public.

Human Resources

Bearing the responsibility of being Turkey's first and most widespread electronics retailer, and also in line with its scientific retailing principle, TeknoSA places great importance on nurturing a qualified labor force. Founded in 2005, TeknoSA Academy is the first and only company academy established founded to train qualified personnel in the technology retail industry and that provides professional training certification accredited by the Turkish Ministry of Education. With over 10 thousand graduates, TeknoSA Academy continues to act as an education platform for the technology retail industry. From 2008, its e-learning platform has allowed the Academy to provide training and development opportunities independent of time and place. In addition to serving young people who are interested in technology and seek a career in the industry, the Academy provides training and development opportunities for employees through training programs focused on personal, professional and managerial development.

TeknoSA Academy believes that integrating technology and education is important. In line with its principles of educational sustainability, development and equal opportunity, the Academy continues to enrich its digital training and development opportunities. The TeknoSA Academy online portal, in a new design compatible with mobile technologies, launched in the summer of 2014. The new collection provides access to resources such as e-trainings, videos, podcasts, digital simulations, virtual classrooms, education games, e-journals and digital reading material.

In addition, TeknoSA employees may share their videos with other employees through the inter-company video sharing platform, "TeknoTube." In-house sharing was also promoted by organizing various games on the platform, which has over 500 video resources. The platform, "SosyaLİG," designed as a social media platform supporting peer learning, has become another resource to enrich the social learning experience. The mobile application, "Cep'TE Akademi," provides access to numerous digital resources and development platforms on www.teknoSAakademi.com via smart phones.

As part of the "Technology for Women" project, TeknoSa has provided free computer training courses to approximately 14 thousand women in 55 cities.

Environment
Adhering to its responsibilities as the leader of the sector, TeknoSA acts as a pioneer by carrying out educational activities to raise the younger generation's awareness of technology and the environment. Accordingly, TeknoSA sets an example in the sector with its several environmental practices such as electronic waste collection, the introduction of eco-friendly bags, and energy efficiency efforts.

Since 2003, TeknoSA has been collecting electronic waste and batteries either at disposal stations located in TeknoSA stores, or by collecting such waste from customers' houses free of charge, and sending it for recycling in collaboration with Exitcom. With this initiative, the Company has helped to recycle tons of electronic waste, and thousands of batteries.

The Company has recycled more than 11 tons of electronic waste and approximately 10 tons of batteries in 2014.

Corporate Social Responsibility
With the responsibility that comes with being the leading technology retailer in Turkey, TeknoSA carries out social responsibility projects in various fields ranging from education, sports, art and the environment to serve the

public and to enable wider communities to benefit from technology.

Within the scope of the "Technology for women" project, free computer courses have been organized for women in different cities of Turkey since 2007. Since the beginning of the project nearly 14 thousand women in 55 cities were given free computer courses within the scope of the project that aims to help women become effective individuals in social and cultural life and in using of technology.

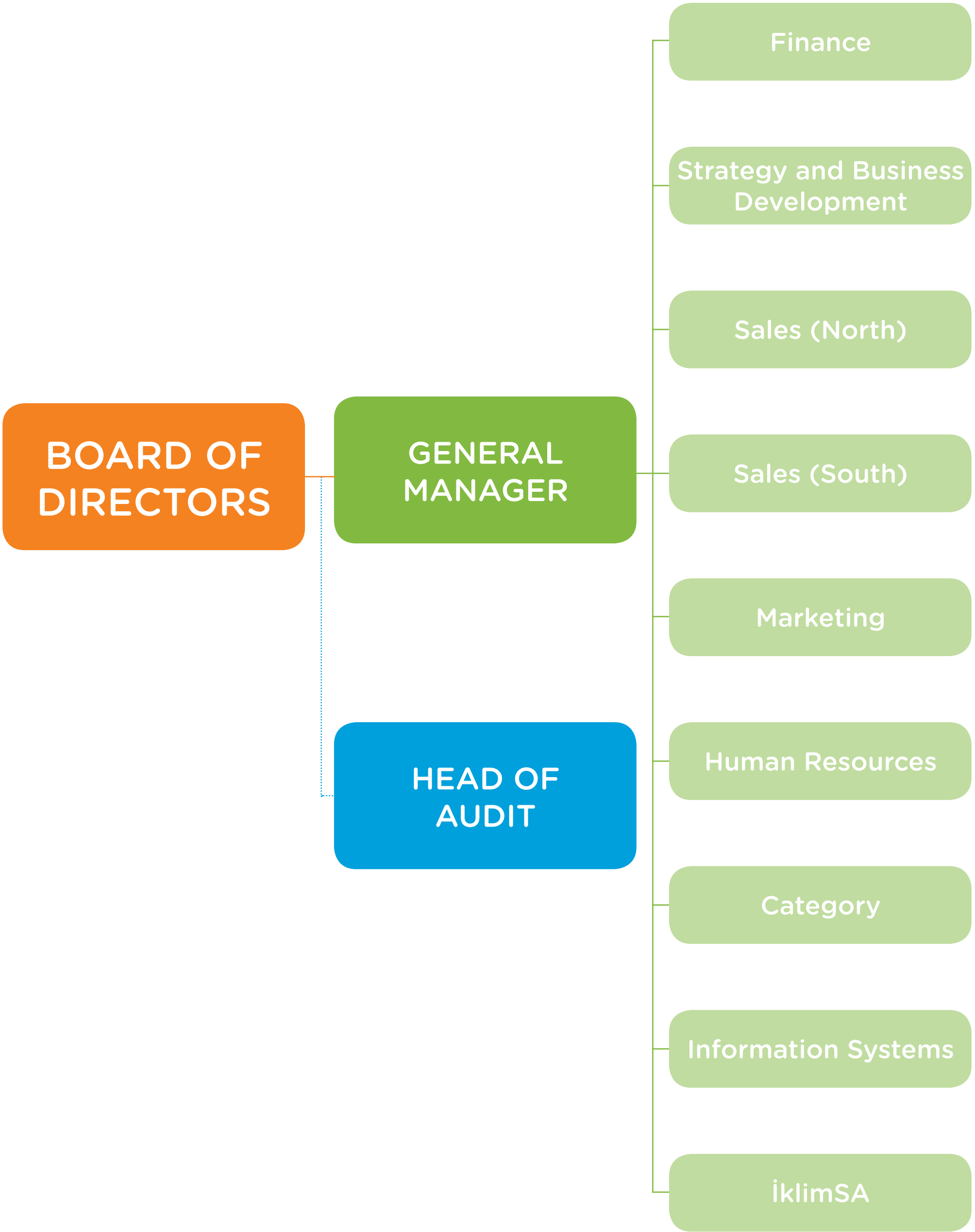
Since 2009, packing papers and gift cards designed by Darüşşafaka students have been sold in TeknoSA Stores located all across Turkey. The entire revenue obtained from the packing papers, and 1% of the revenue obtained from the gift cards is donated to Darüşşafaka Association. Moreover, support is given via different medium to the activities of the Association in various other fields.

TeknoSA also provides technical support to non-governmental organizations and educational institutions.

National Team Sponsorship

Believing in the importance of the role of sports and the power of communication in social development, TeknoSA became the Technology Supplier of the Turkish National Football Team as a result of the collaborative project carried out with the Turkish Football Federation in 2007. Associating its leadership with Turkey's leader team, TeknoSA aims to contribute to the National Team's achievements on the global arena.

Organizational Structure



SECTION I CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

TeknoSA, adopted the norm of complying with the 4 Corporate Governance Principles of Transparency, Equality, Responsibility and Accountability.

Our Company complies with all the principles; that are held obligatory and stipulated in the "Communiqué (II-17.1) on "Determination and Implementation of the Corporate Governance Principles".

On the other hand, full compliance hasn't been achieved yet due to some difficulties experienced during the implementation of certain non-obligatory principles, due to ongoing debates about compliance with certain principles on the international platform as well as in Turkey, and also because of the inapplicability of some principles due to the structure of TeknoSA and the market. The developments in this area are closely followed and compliance efforts continue.

In 2014, in accordance with the legislation, the Company made necessary public disclosures in order to inform the investors and analysts promptly, transparently, consistently, regularly and simultaneously regarding all the important information that may have an impact on their investment decisions, and regularly updated the Investor Relations website. Moreover, the Company attended investor meetings and conferences in order to continuously ensure the best communication with investors and analysts. Developments in the Legislation were monitored closely and necessary actions were taken.

Although there is no Company policy regarding the provision of 4.3.9 Article of the Communiqué on "The Board of Directors determines a target ratio and target time for the female member ratio, provided that this ratio is not less than 25% and creates a policy to reach these targets", the Company pays special attention on this issue and there is one female member in TeknoSA Board of Directors.

Apart from this, the "Nomination Committee" and the "Remuneration Committee" liabilities stipulated in the 4.5.1 Article of the Communiqué, are undertaken by the "Corporate Governance Committee". Moreover, although the Company pays special attention to comply with the provision of the 4.5.5 Article of the Communique on "Members of the Board of Directors cannot assume duties in more than one Committee"; since the Committee membership requires professional expertise, members of our Board of Directors can be a member in more than one Committee.

TeknoSA is aware of its social responsibilities; it complies with the regulations regarding environment, consumers, public health, and with the code of ethics. The Company supports internationally accepted human rights and respects them. TeknoSA complies with the 3.5.2 Article of the Corporate Governance Principles but has not created yet a Policy on "Fight Against Corruption and Bribery". In 2015, our Company will create a Policy on "Fight Against Corruption and Bribery" and will announce this policy to all its stakeholders via TeknoSA's website (www.teknosa.com).

The developments in the legislation and relevant implementations will be taken into consideration, and necessary steps will be taken in the coming period as well.

SECTION II- SHAREHOLDERS

2.1 Investor Relations Department

In TeknoSA, Investor Relations Department reports to Finance Director Z. Korhan Bilek, who is also the Member of the Corporate Governance Committee. On the other hand, liabilities of the Investor Relations are fulfilled by the Head of Investor Relations Erman Tütüncüoğlu. Erman Tütüncüoğlu, who is also a reporter in the Corporate Governance Committee, has the Capital Market Activities Advanced Level License.

The Investor Relations Department can be accessed at yatirimciiliskileri@teknosa.com or at +90 (216) 468 36 36 or 444 55 99, or via fax number +90 (216) 478 53 47.

Investor Relations Department is in charge of regularly informing the shareholders and prospective investors about the Company's activities, financial condition and strategies, excluding confidential information and trade secrets, without causing any information inequality and it is also responsible for ensuring a two-way communication between the Company's management and the shareholders.

Investor Relations Department is in charge of carrying out shareholder relations within the frame of Corporate Governance Principles. As part of its duties, the Department held 180 meetings in 2014 with investors and analysts both abroad and in Turkey; replied all questions and responded to 200 e-mails.In addition to this, 4 teleconferences were made regarding the Company's financial results and 11 Investor Conferences were attended in and outside the country.

Between the 1st of January 2014 and 31st of December 2014, TeknoSA İç ve Dış Ticaret A.Ş. made 13 disclosures on material matters. Within this period, no information request was made by CMB or BIST.

The report that must be prepared according to the legislation regarding the activities carried out in 2014 for Investor Relations was submitted to the Board of Directors on 28 January 2014.

2.2 The Use of Shareholders' Right to Information

In 2014, information requests of the shareholders that were made via phone calls or e-mails or the requests directed at the face to face meetings, were answered by the Investor Relations Department, and the information that interests the shareholders was announced on the Investor Relations website within the compulsory notification periods. Private Auditor assignment issue was not regulated in the Company's Articles of Association as a right. In 2014, no request was received from the shareholders about this issue.

2.3 General Assembly Meetings

Regulations regarding TeknoSA's General Assembly Meetings were specified in the "TeknoSA A.Ş Internal Directive on Ordinary and Extraordinary General Assembly's Working Principles and Procedures" that is available on the TeknoSA Investor Relations website's Information Society Services pages. Apart from this, as per the legislation, the announcements and documents that must be publicly disclosed via Public Disclosure Platform (KAP) before and after the General Assembly meetings, are available under the topic "General Assembly" that is under the Section "Corporate Governance" on TeknoSA Investor Relations website.

TeknoSA's 2013 Ordinary General Assembly meeting was held on the 28th of March 2014 at 15:30 o'clock, at the address of Sabancı Center Sadıka Ana Salonu, 4. Levent, Beşiktaş, İstanbul.

Call for the General Assembly was made; as stipulated in the Law and Articles of Association, in a manner containing the agenda, via announcements/ads in the Trade Registry Gazette copy (n. 8520, dated 04.03.2014), via the TeknoSA's website (www.teknosa.com) and the Electronic General Assembly System of the Central Registry Agency, by using all types of communication methods (besides the ones stipulated in the legislation) including electronic communication in order to reach maximum number of shareholders, at least three weeks prior to the General Assembly meeting date. All kind of information regarding the General Assembly, including the annual report and the financial statements, were made available and kept ready physically in the Company headquarters and on the website for the review of the shareholders.

In order for the shareholders to be represented in the General Assembly; both Electronic General Assembly System was used and the power of attorney form that will be notarized within the framework of the provisions of the Capital Markets Board Communiqué (II-30.1) was made available in the TeknoSA Headquarters and on the website.

Thus, it was ensured that the shareholders who own dematerialized shares that are monitored by the Central Registry Agency and who also have right to attend General Assembly meetings, or their representatives who represent the shareholders with notarized power of attorneys, attended the General Assembly meetings personally or over the Electronic General Assembly system by using their secure electronic signatures. In consequence, the Company pursued practices that would not create inequalities among the shareholders and that would facilitate attendance the meetings by using the easiest method at the lowest price.

TeknoSA's Ordinary General Assembly Meeting was held with the 77.58% participation ratio and TL 110,000,000.00 total nominal value of the Company was represented with 8,534,296.123 shares that have a total nominal value of TL 85,342,961.23.

Members of the Board of Directors, TeknoSA auditor, General Manager (CEO), Finance Director (CFO) and the personnel who made the preparations of the General Assembly meeting attended the General Assembly meeting. However, except the shareholders, the stakeholders and media did not attend the meeting.

The main agenda items of the mentioned meeting were providing information about 2013 Annual Report, Audit Report and Financial Statements, approving the appointments made to the Board of Directors after resignations, acquittance of the members of the Board of Directors, approving profit distribution policy, determining the use and distribution method of the 2013 profit, providing information about 2013 aids and donations, and determining the upper limit of 2014 donations, selecting the Auditor, authorizing the Chairman and Members of the Board of Directors to perform the transactions stipulated in the 395th and 396th Articles of the Turkish Code of Commerce.

At the General Assembly meeting, the shareholders were informed about the fact that TeknoSA made TL 1,051,110 of donations in 2013 to the organizations working for public interest, and a decision was taken with a majority of the votes to set the upper limit of donations to be made in 2014 equivalent to an amount that is 5% of the net profit. TeknoSA publicly disclosed its Donations and Aids Policy via Public Disclosure Platform on the 26th of December 2014. The Donations and Aids Policy will be submitted to the approval of the General Assembly at the Ordinary General Assembly meeting that will be held in 2015.

During the General Assembly, shareholders did not use their rights to ask questions and no proposal was given except the agenda items. Meeting minutes of the General Assembly were publicly disclosed via Public Disclosure Platform, and all ads, announcements and documents regarding the General Assembly meeting were submitted for the information of the shareholders and stakeholders on TeknoSA's website.

The shareholders who have control over the management, the members of the Board of Directors, managers with administrative responsibilities, and their spouses, and their relatives by blood and by marriage up to the second degree; did not make any important transactions which could cause a conflict of interest with the partnership or its subsidiaries and/or, on their behalf or someone else's behalf, did not make any commercial transactions intruding the business field of the partnership or its subsidiaries, or, did not join another partnership, dealing with the same type of commercial businesses, as a partner with unlimited liability ("unlimited partner"). The persons, except the ones mentioned above, who have possibility in reaching the Company information, on their behalf, did not make any transactions that were within the scope of the business fields of the company.

2.4 Rights to Vote and Minority Rights

According to TeknoSA's Articles of Association, the Company does not have any privileged shares, and has a single right to vote for each share.

Minority shareholders and stakeholders are not represented in the Board of Directors. However, two independent members of the Board of Directors assume duties in the Board of Directors in order to equally represent the minority shareholders, in particular, and all the shareholders and the stakeholders.

As of 31st of December 2014, TeknoSA has 1 associate company (KlikSA İç ve Dış Ticaret A.Ş.) that is consolidated with full consolidation method.

TeknoSA respects the exercise of minority rights, pursuant to Turkish Commercial Code and CMB regulations, and the Company did not receive any complaints or negative criticisms regarding this matter in 2014.

2.5. Dividend Right

According to the Profit Distribution Policy approved at TeknoSA's Ordinary General Assembly Meeting that was held on the 28th of March 2014; dividend was determined within the framework of the Turkish Code of Commerce provisions, Capital Markets Legislation, other relevant legislation and the relevant article of the Company's Articles of Association regarding profit distribution; and in line with TeknoSA's mid and long term strategies, investment and financial plans; and by considering the economic situation of the country and the sector; and by maintaining the balance between the shareholders' expectations and TeknoSA's requirements.

As a principle, Teknosa aims to distribute 100% of its distributable profits to its shareholders, while the final decision is taken during the General Assembly taking into consideration the aforementioned factors. Teknosa does not distribute advance dividends.

Dividends shall be distributed equally to all of the current shares regardless of their dates of issue and/or acquisition at the shortest time, after being approved by the General Assembly, and at the date determined by the General Assembly.

The General Assembly may decide to transfer a portion or the whole amount of the net profits to excess reserves. If the Board of Directors advices the General Assembly not to distribute the profit, the reasoning behind this situation and the planned use of the undistributed profits is explained to the shareholders during the General Assembly. Likewise, the same information is also shared with the public in the Annual Report and at Teknosa's web-site.

The Dividend Distribution Policy is submitted to the approval of the shareholders during the General Assembly. The Dividend Policy is reviewed by the Board of Directors each year, taking into consideration if there are negative factors in the local and global state of the economy, the projects undertaken by Teknosa and the current state of the funds. Any changes made in this policy is submitted to the approval of the shareholders at the first General Assembly to be held following the decisions are made and shared with the public at the Company's web-site.

Taking into account the provisions of the relevant Law and the Articles of Association; at TeknoSA's Ordinary General Assembly Meeting held on the 28th of March 2014, a decision was taken to make a TL 44.217.800,00 of total gross cash dividend payment – with a ratio of 40,1980% (gross) and 34,1683% (net) – to the shareholders who represent TL 110.000.000 of capital, and to start the payments on the 2nd of April 2014.

According to TeknoSA's Articles of Association, there are no privileges in dividend distribution.

The profit distribution policy and annual profit distribution proposal are available in the Annual Report, are submitted for the information of the shareholders at the General Assembly and are publicly disclosed via Investor Relations website.

2.6. Transfer of Shares

The Company's Articles of Association does not contain any provisions that restrict the transfer of shares.

SECTION III-PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Corporate Website and Its Content

TeknoSA's corporate website address is teknosa.com. Investor Relations pages in Turkish are available at the URL of http://yatirimci.teknosa.com/anasayfa while the Investor Relations pages in English are available at the URL of http://yatirimci.teknosa.com/homepage. The Company's Investor Relations website is reviewed and revised within the framework of the topic "2.1 Corporate Website Contents" that is specified in the annex "Corporate Governance Principles to be taken as basis" of the CMB Corporate Governance Communiqué (II.17.1). Within this scope, it is ensured that the information and documents stipulated in the legislation are accessible. The efforts continue to provide the English versions of the information specified in Turkish on the website.

3.2 Annual Report

TeknoSA's Annual Report is prepared and publicly disclosed within the framework of; the provisions of the Regulation on the "Determination of the Minimum Content of the Companies' Annual Reports" published in the Official Gazette n. 28395, dated 28.08.2012, the periods stipulated in the Communiqué (II- 14.1) on the "Principles Regarding Financial Reporting in the Capital Markets" and the Corporate Governance Principles.

Annual Reports are presented to the approval of the Board of Directors and are publicly disclosed together with the financial statements unless the Board of Directors takes a decision with a separate statement of responsibility to announce them after the financial statements' announcement. Annual Reports are available on the TeknoSA's website.

SECTION IV – STAKEHOLDERS

4.1 Informing the Stakeholders

Regarding the issue of informing the stakeholders, TeknoSA takes as a basis the Information Policy published in the Public Disclosure Platform (KAP) on the 26th of December 2014.

Additionally, company employees are informed via e-mails, training programs, seminars, and meetings which cover their fields of expertise or general areas of interest. There is also a portal available for the employees, and they can access any information or documents via this portal.

In order to protect the rights of stakeholders, the Company embraces ethical principles, and has established an ethics committee. Stakeholders can reach the ethics committee at etik@sabanci.com, and etik@teknosa.com e-mail addresses, or at +90 (212) 385 85 85.

The Audit Committee and/or the Corporate Governance Principles Committee are informed if and when required.

4.2. Stakeholder Participation in Management

In order to follow customers' and employees' demands and suggestions, Customer Feedback System and Employee Feedback System are effectively utilized.

Employees' participation in management is ensured by organizing regular company meetings (at least twice a year), as well as at the annual goal-setting and performance evaluation meetings. Additionally, employees can give their feedback to the management and to their colleagues through the 360^{0} feedback mechanism. The results are reviewed at various management meetings, and action plans are made in order to realize the necessary changes. With these practices, employees can participate in and contribute to achieving a more effective management at the Company.

Communication channels are always kept open for other stakeholders (suppliers, business partners, etc...) as well.

4.3. Human Resources Policy

The goal of the human resources management at TeknoSA is to develop and implement human resources strategies that create value, and help achieve the Company's vision and business goals.

The human resources strategy at TeknoSA is to implement a world class human resources management in all areas of activity, and make TeknoSA an exemplary company where everyone wants to or are proud to work at.

In order to realize this strategy, the Human Resources Department of the Company strives to create a management team that

- acts in a very selective manner in recruitment and promotion decisions,
- motivates employees towards exciting goals,
- manages employees according to high performance standards,
- holds the management and the employees responsible for business results,
- gives the employees the opportunity to realize their potentials and use their talents,
- rewards superior performance.

As a subsidiary of Sabancı Holding, TeknoSA aims to become a company that is

- Reliable,
- Responsive to others,
- Committed to ethical values,
- Open to change,
- Market oriented,
- Capable of long-term thinking,
- Innovative,
- a preferred workplace for individuals who are open to collaboration.

As part of its Human Resources policy, the Company embraces the principle of equal opportunity for persons with equal qualifications. Thus, the Company treats all employees fairly, and doesn't discriminate them due to their religion, language, race or gender, and takes all necessary measures to protect employees against bad treatment. Within this scope, no complaint was raised by the employees on the issue of discrimination in 2014.

TeknoSA aims to become an exemplary company where a world class human resources management policy is implemented, and where everyone wants to or are proud to work at. At TeknoSA, Human Resources Policies define the essential practices and priorities pertaining to human resources management.

Through its Human Resources policies, the Company strives to add qualified employees to its workforce, to invest in its employees by helping them further develop themselves and realize their potentials, to offer continuous training, to further improve and strengthen the overall organization, to implement compensation and rewards programs that increase employee motivation and loyalty, and thus to become a distinguished company.

Employees are made aware of job descriptions and distributions, as well as performance and rewarding criteria. The Company considers efficiency as an important factor in determining employee compensation and benefits.

In TeknoSA, human resources processes that are conducted by the Human Resources Director, Revna Besler, recruitment and internship processes as well as performance and career management principles and the training and development requirements within the scope of the career development and back-up systems were determined through TeknoSA Academy. These issues were shared both with the employees and public under the Human Resources section of the Company's corporate website.

TeknoSA respects to and acts in compliance with the legal rules and the private legal rules (if any) such as collective bargaining agreements. The Company pays necessary attention to protect all the rights and to pay all the receivables of the employees within the period starting with their labor agreement and ending with the expiration of the agreement.

4.4. Ethical Rules and Social Responsibility

The Company has already established rules of business ethics, and started to implement them. The employees are informed about these rules through the company portal, booklets which are distributed to all employees, and training programs.

Additionally, all employees update their knowledge about the rules of business ethics through an e-learning program at the end of each year, and fill out a "Business Ethics Compliance" form to declare their commitment to business ethics.

Focusing on the concepts of "sustainability" and "creating social value", the Company carries out social responsibility projects mainly in the areas of education, culture & art; conducts social responsibility projects such as; technology trainings, wrapping paper and gift cards projects carried out with Darüşşafaka Association, protecting unique works of art, national team sponsorship etc.

Adhering to its responsibilities as the leader of its sector, TeknoSA acts as a pioneer by committing itself to educational activities in order to raise young people's consciousness about technology and the environment.

Accordingly, TeknoSA sets an example in the sector with its environmental practices such electronic waste collection, introduction of eco-friendly bags, and energy efficiency efforts.

SECTION V-BOARD OF DIRECTORS

5.1 Board of Directors' Structure and Formation

The provisions stipulated in the Company's Articles of Association are considered for the procedures and principles such as TeknoSA Board of Directors' structure, duties, management rights and power of represent.

TeknoSA is governed and represented by a Board of Directors that is composed of at least six members who are elected by the General Assembly within the framework of the provisions of the Turkish Code of Commerce and the Capital Markets Legislation.

Minimum qualifications of the Members of the Board of Directors are not specified in the Articles of Association. However, the required qualifications of the Members of the Company's Board of Directors are in line with the relevant articles of CMB Corporate Governance Principles. Within this scope, all the Members of the Board of Directors are non-executive members who are defined in the Corporate Governance Principles. Two members of the Board of Directors are independent members who are determined according to the Capital Markets Board's regulations on Corporate Governance Principles and Corporate Governance. Independence Statements of the Independent Members of the Board of Directors are available. Within the related activity period, there are no issues that terminate the independency.

Term of office of Board Members may not exceed three years, after which they can be re-elected. In the event that a Board Member position becomes available, the Board elects a new member to fill the position and presents the elected member for approval at the next General Meeting. The newly elected member completes the term of his predecessor.

On the basis of the General Meeting's resolution, pursuant to the Articles 395 and 396 of the Turkish Commercial Code, Board Members are authorized to perform transactions.

Although there is no Company policy regarding the provision of 4.3.9 Article of the Communiqué on "The Board of Directors determines a target ratio and target time for the female member ratio, provided that this ratio is not less than 25% and creates a policy to reach these targets", the Company pays special attention on this issue and there is one female member in TeknoSA Board of Directors.

The information about TeknoSA Board of Directors' Members –who are all non-executive members and whose terms of offices started in April 2012 – is summarized in the below chart while their résumés are available on the Company website and in the related section of the Annual Report:

NAME/ SURNAME	POSITION	TERM OF EMPLOYMENT IN THE COMPANY	DUTIES OUTSIDE THE COMPANY
Haluk Dinçer	Chairman of the Board of Directors	11 years	President of the Retail and Insurance Group at Sabancı Holding
Temel Cüneyt Evirgen	Assistant of Chairman of the Board of Directors	10 years	Sabancı University Faculty Member
Muhterem Kaan Terzioğlu	Independent Member of the Board of Directors	3 years	Consultant
Oğuz Nuri Babüroğlu	Independent Member of the Board of Directors	3 years	Sabancı University Faculty Member
Neriman Ülsever	Member of the Board of Directors	3 years	Human Resources Group Director at Sabancı Holding
Barış Oran	Member of the Board of Directors	3 years	Head of Planning, Reporting and Finance Department at Sabancı Holding

5.2. Operating Principles of the Board of Directors

The Board of Directors convenes as frequently as required to efficiently fulfill its duties. The Board operates in a transparent, accountable, fair and responsible manner, and while doing so it always looks out for TeknoSA's long-term interests.

Every year, the members of the Board of Directors select a chairman and a deputy chairman who will be the acting chairman in the absence of the chairman for the management of the meetings. The chairman of the Board of Directors determines the agenda of the Board of Directors' meetings by getting the opinions of the other members and the general manager. The agenda items of the Board of Directors' meetings are discussed explicitly and with all aspects. The chairman of the Board of Directors is obligated to make the best effort for ensuring effective participation of the non-executive members in the meetings.

Meeting dates and agenda are determined by the chairman or deputy chairman.

The Board of Directors convenes as necessitated by the company affairs upon the chairman's or deputy chairman's call for the meeting. The meeting date may be determined with the decision of the Board of Directors as well. In case, the chairman or the deputy chairman doesn't not call the Board of Directors for the meeting upon the request of one of the members, then the members will have the right to make a call for the meeting ex-officio.

Board of Directors must convene at least four (4) times a year. The meetings of the Board of Directors can be held at the Company headquarters or at another location within or outside the borders of the country.

Unless one of the members make a request for a meeting that will be held physically, the decision of the Board of Directors can be taken by means of getting the written approvals of the other members for another member's proposal regarding a certain issue.

Meeting and decision quorums of the Board of Directors are subject to the provisions of the Turkish Code of Commerce. The Board of Directors of the Company held four (4) meetings between 01.01.2014 and 31.12.2014.

At the Board meetings each member has 1 vote, and unanimous consent is sought while resolving matters, and the Board always complies with Corporate Governance Principles. All Board Members, excluding those who were excused, attended all the Board meetings. Since Board Members didn't have any questions regarding these matters, they are not recorded in the minutes. No opposite opinions were put forward against the resolutions reached by the Board Members at the Board meetings held in 2014.

In 2014, Board Members neither engaged in any business with the Company nor attempted to go into any business that would fall within the Company's scope of operations.

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

According to TeknoSA Articles of Association, the Board of Directors establishes sufficient number of Committees ("Committee") in order to fulfill the tasks and responsibilities in a healthy manner.

The "Nomination Committee" and the "Remuneration Committee" liabilities stipulated in the 4.5.1 Article of the Communiqué are undertaken by the "Corporate Governance Committee". Moreover, although the Company pays special attention to comply with the provision of the 4.5.5 Article of the Communique on "Members of the Board of Directors cannot assume duties in more than one Committee", since the Committee membership requires professional expertise, members of the Board of Directors can be a member in more than one Committee.

Corporate Governance Committee

Corporate Governance aims to maintain the continuity of the management process based on ethical values of TeknoSA İç and Dış Tic. A.Ş., having internal and external responsibilities, risk awareness, and that is transparent and responsible in its decisions, that oversees the benefits of the shareholders and that has sustainable success target.

The duty of this Committee is to make suggestions and recommendations to the Board with regard to establishing the Corporate Governance Principles in line with CMB's or other internationally recognized Corporate Governance Principles.

Corporate Governance Committee, including the President, is composed of four Members, and two Reporters appointed by the TeknoSA Board of Directors in line with the CMB's "Corporate Governance Principles". The President of the Corporate Governance Committee is appointed from among the independent members by the TeknoSA Board of Directors.

Should the position of President become vacant, the Chairman of the Board assigns one of the committee members as temporary President until the new President is appointed at the next Board meeting.

The Corporate Governance Committee ensures the implementation of the Corporate Governance Principles in the Company, and in case these principles are not implemented then the Committee makes suggestions to the Board of Directors for the improvement. The Committee pursues the activities of the Investor Relations Department. Besides the Board of Directors' and Senior Executive Managers' performance and remuneration principles and assessments, the Committee submits the independent candidate member proposals – by evaluating the independency criteria of the candidates –, including the candidates nominated by the management and the shareholders, to the Board of Directors. In accordance with the legislation, the Independent Members of the Board of Directors present their independence statements in writing to the Corporate Governance Committee at the time they are nominated.

The Corporate Governance Committee convenes 4 times a year. The Committee convened 4 times in 2014.

With TeknoSA Board of Directors' decision taken on the 30th of June 2014, the Corporate Governance Committee members were determined as follow;

NAME/SURNAME	POSITION	NATURE OF THE BOARD OF DIRECTORS MEMBERSHIP
Oğuz Nuri Babüroğlu	President of the Corporate Governance Committee	Independent Member of the Board of Directors
Muhterem Kaan Terzioğlu	Member of the Corporate Governance Committee	Independent Member of the Board of Directors
Neriman Ülsever	Member of the Corporate Governance Committee	Member of the Board of Directors
Z. Korhan Bilek	Member of the Corporate Governance Committee	Finance Director of TeknoSA

Early Risk Detection Committee

The Early Risk Detection Committee was established to be responsible and authorized referring to the TeknoSA İç and Dış Ticaret A.Ş. Board of Directors' resolution on the 24th of October 2013 and in accordance with the Article 378 of The Turkish Code of Commerce n.6102 and the provisions of the Capital Markets Board's Communiqué on the Corporate Governance Principles.

The Committee performs activities with the aim of early detecting any risks such as strategic, operational, financial, compliance etc. that may jeopardize the existence, development and continuity of TeknoSA İç and Dış Ticaret A.Ş., of taking necessary measures together with finding solutions and of managing the risk.

The Committee members are elected by the Company's Board of Directors and is disclosed to the public. The President of the Committee is appointed from among the independent members by the Board of Directors. In the Committee; except the President, there are maximum two Members elected by the Company's Board of Directors. The Committee members are preferably elected from among the non-executive Members of the Board of Directors.

Corporate Governance Committee meetings are held at least six times a year, at a location deemed appropriate by the Committee. The annual meeting calendar is determined by the President of the Committee and announced to all committee members at the beginning of each year.

The term of office of the Committee members are in parallel to the term of office of the Members of the Company's Board of Directors. The Committee is re-established upon the election of the Members of the Board of Directors.

With TeknoSA Board of Directors' decision taken on the 24th of October 2013, the Corporate Governance Committee members were determined as follow;

NAME/SURNAME	POSITION	NATURE OF THE BOARD OF DIRECTORS MEMBERSHIP
Oğuz Nuri Babüroğlu	President of the Early Risk Detection Committee	Independent Member of the Board of Directors
Muhterem Kaan Terzioğlu	Member of the Early Risk Detection Committee	Independent Member of the Board of Directors
Neriman Ülsever	Member of the Early Risk Detection Committee	Member of the Board of Directors

The Early Risk Detection Committee held 6 meetings in 2014.

Audit Committee

The duty of the Audit Committee is to oversee the Company's accounting system, financial reporting, announcement of financial statements, progress and effectiveness of independent auditing and internal control, on behalf of the Company's Board of Directors. The Audit Committee reports its activities, evaluations and suggestions to the Board of Directors in writing.

The President and the members of the Audit Committee are appointed by the Board of Directors from among Independent Members.

With TeknoSA Board of Directors' decision taken on the 18th of April 2012, the Audit Committee members were determined as follow;

The Audit Committee held 8 meetings till 30th of December 2013 and the main agenda items were the reviewing of the independent audit report and the presentations of the Audit Committee Presidency.

NAME/SURNAME	POSITION	NATURE OF THE BOARD OF DIRECTORS MEMBERSHIP
Muhterem Kaan Terzioğlu	President of the Audit Committee	Independent Member of the Board of Directors
Oğuz Nuri Babüroğlu	Member of the Audit Committee	Independent Member of the Board of Directors

5.4. Risk Management and Internal Control

TeknoSA embraces the notion that every risk brings an opportunity, and recognizes that "sustainable growth" can be achieved by effectively identifying, measuring, and managing risks. The Company places a lot of importance on risk management in order to "create value for its stakeholders", which is a crucial part of its mission.

The Risk Management Policy at TeknoSA serves to define, assess, prioritize, monitor, and report the potential risks involved in TeknoSA's operations, and also to lay out the procedures and principles which will be adhered to during the process of defining and implementing the necessary measures and strategies against such risks.

Risk management is conducted by the Early Risk Detection Committee ("Committee") on behalf of the Board of Directors. The responsibilities of the Committee are given below:

- To establish a systematic "Risk Management Culture", and to integrate it into the corporate culture,
- To ensure that risks are effectively identified and managed,
- To provide that appropriate threshold values are identified for effective risk management, and the required infrastructure is set up,
- To ensure that investment decisions are made in accordance with TeknoSA's and Sabancı Holding's strategic business goals, and predefined "Risk-Taking Limits",
- To ensure that Corporate Risk Management (CRM) becomes a proactive process as an integral and crucial part of TeknoSA's corporate culture.

Risk is identified as an unexpected occurrence that may have negative impacts on the company's activities and business goals. Identified and monitored risks types are listed below;

Financial Risks include risks related to exchange rates, investment portfolio, loans, liquidity, and insurance.

Operational Risks include risks related to supply, productivity, capacity utilization, pricing, sales, customer satisfaction, product/service development, human resources, information safety and business continuity, employee health and safety, environmental health and safety, information systems and technologies, taxes, legal, brand management, reputation, performance management, external reporting and compliance, internal reporting, monitoring and control, authorizing, and limits.

Strategic Risks are internal and external risks that make a negative impact on the Company's strategic business objectives. (Such as risks related to planning, business model, business portfolio, investment analysis, corporate governance).

External Risks include risks related to the economy, politics, legal regulations, business continuity, customer trends, sector, changes in technology, relations with shareholders.

The Company has an Internal Control Mechanism, which effectively carries out the duties assigned by the Board of Directors, in compliance with the bylaws of the Audit Committee. The Audit Committee is chaired by Board Member, Muhterem Kaan Terzioğlu.

5.5. The Company's Strategic Goals

The Company's Board of Directors has determined the vision and the mission of the Company, and these are included in the Annual Report, and announced to the public on the Company's website, www.teknosa.com. Company's long term strategies are structured on these principles.

The Board of Directors sets the three-year strategic targets after discussing the issue with the General Assembly and updates every year.Whether the Company achieves its targets or not is monitored via monthly prepared manager reports. Yearend performance assessments are based on whether the Company achieves its targets or not.

5.6. Remuneration of the Board of Directors

Any remuneration, rights and benefits granted to the Company's Board Members are detailed in the Articles of Association. Remuneration Policy of the Company is available on the web-site.

The attendance fees paid to the Chairman and the Board Members are determined at the General Meeting.

The salaries paid to executive managers are announced to the public under the notes to the financial statements.

Remuneration of Independent Board Members is not made by stock options or performance-based payment methods.

In 2014, the Company did not lend any money or give out any loans to Board Members; did not extend the due date or improve the terms and conditions of existing debts or loans; did not grant any individual loans via third persons, or did not offer surety guarantees.

Relations with Parent Company and its Subsidiaries

Referring to the Article 199 of the Turkish Code of Commerce n.6102, information was given about Hacı Ömer Sabancı Holding A.Ş., the parent company of TeknoSA A.Ş., and the widespread and continuous goods and services purchase and sale transactions of the parent company carried out with its subsidiary companies. Carried out transactions were in accordance with the precedents stipulated in the relevant Articles of the Turkish Code of Commerce n.6102 on the parent company and consequently, there is no loss of TeknoSA A.Ş. due to its involvement among the Group companies.

In this report, prepared by TeknoSA A.Ş. Board of Directors on the 06th of February 2015, it was noticed that, in all transactions carried out by TeknoSA A.Ş. with its parent company and with the subsidiary companies of the parent company, all the required legal transactions stipulated in the Article 199 of the Turkish Code of Commerce n.6102 and within the scope of the responsibilities granted to the Board of Directors were fulfilled and necessary measures were taken.

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Maslak no1 Plaza
Eski Büyükdere Caddesi
Maslak Mahallesi No:1
Maslak, Sarıyer 34398
İstanbul, Türkiye

Tel : +90 (212) 366 6000
Fax : +90 (212) 366 6010
www.deloitte.com.tr

Mersis No: 0291001097600016
Ticari Sicil No : 304099

To the Board of Directors of
TeknoSA İç and Dış Ticaret A.Ş.

Report Regarding the Audit of the Board of Directors' Annual Report within the framework of the Independent Audit Standards

We have assessed the Annual Report of TeknoSA İç ve Dış Ticaret A.Ş ("Company") and its associate company (together, hereinafter will be referred to as "Group"), regarding the accounting period that was ended on the 31st of December 2014.

Board of Directors' Responsibility regarding the Annual Report

As per the 514th Article of the Turkish Code of Commerce ("TTK") n.6102 and the Capital Markets Board's ("CMB") Communiqué (II-14.1) on the "Principles Regarding Financial Reporting in the Capital Markets"; the Group management is responsible to prepare the Annual Report in a manner that is consistent with the consolidated financial statements and that truly reflects the facts. Moreover, the Group management is responsible to make the internal control that it deems necessary in order to ensure the preparation of an annual report in this direction.

Independent Auditor's Responsibility

Based on the independent audit we performed within the framework of TTK's 397th Article and the Communiqué, on the Group's Annual Report; our responsibility is to state our opinions on whether the financial data in this Annual Report consists with the Group's consolidated financial statements or not, and whether it truly reflects the facts or not.

Our independent audit was made in conformity with the Independent Audit Standards that are part of the Turkish Audit Standards published by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"). These standards stipulate that the independent audit shall be planned and made for the purpose of ensuring compliance with the ethic provisions and providing a reasonable assurance on the issue of whether or not the financial data in the Annual Report consists with the consolidated financial statements and whether or not the financial data in the Annual Report truly reflects the facts.

Independent audit includes the implementation of audit procedures with the purpose of obtaining audit evidence about the historical financial information. Selection of these procedures depends on the independent auditor's professional judgment.

We believe that the independent audit evidences that we obtained during our independent audit form a reasonable and sufficient basis for our opinions.

Conclusion

According to our opinion, the financial data, with all its important aspects, in the Board of Directors' Annual Report is consistent with the audited consolidated financial statements and truly reflects the facts.

Other Liabilities Arising from Legislation

As per the 3rd paragraph of the 402nd Article of the Turkish Code of Commerce; we did not encounter any significant issues that must be reported about the corporation's potential inability to continue its activities in the foreseeable future within the framework of BDS 570 "Business Continuity".

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

Ömer Tanrıöver, IAFC
Responsible Auditor
Istanbul, February 16 2015

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Maslak no1 Plaza
Eski Büyükdere Caddesi
Maslak Mahallesi No:1
Maslak, Sarıyer 34398
İstanbul, Türkiye

Tel : +90 (212) 366 6000
Fax : +90 (212) 366 6010
www.deloitte.com.tr

Mersis No: 0291001097600016
Ticari Sicil No : 304099

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Teknosa İç ve Dış Ticaret A.Ş.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Teknosa İç ve Dış Ticaret A.Ş. ("the Company") and its subsidiary (together will be referred as "the Group"), which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards ("TAS"), and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Teknosa İç ve Dış Ticaret A.Ş. and its subsidiary as at 31 December 2014, and of their financial performance and their 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 Group'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 16 February 2015.

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

Ömer Tanrıöver, SMMM
Partner

İstanbul, 16 February 2015

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TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

AUDITED CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

	Notes	Current Period 31 December 2014	Prior Period 31 December 2013
ASSETS			
Current Assets		**762.495**	**896.795**
Cash and cash equivalents	5	192.998	334.467
Trade receivables	6	27.553	25.079
Trade receivables from related parties	*4*	*3.999*	*393*
Trade receivables from third parties		*23.554*	*24.686*
Inventories	8	530.417	511.439
Prepaid expenses	9	9.872	23.806
Other current assets	16	1.655	2.004
Non current assets		**187.204**	**159.134**
Other receivables	7	710	640
Investment property	10	10.746	10.935
Property, plant and equipment	11	118.261	113.591
Intangible assets	12	27.165	15.345
Prepaid expenses	9	308	905
Deferred tax assets	23	16.072	7.209
Other non current assets	16	13.942	10.509
TOTAL ASSETS		**949.699**	**1.055.929**

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

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

AUDITED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

	Notes	Current Period 31 December 2014	Prior Period 31 December 2013
LIABILITIES			
Current liabilities		**757.949**	**799.758**
Trade payables	6	692.404	739.545
Trade payables to related parties	*4*	*7.321*	*1.905*
Trade payables to third parties		*685.083*	*737.640*
Payables related to employee benefits	13	8.006	8.997
Other payables	7	802	722
Other payables to third parties	*4*	*802*	*722*
Deferred income	9	21.489	24.386
Current period tax liability	23	1.435	4.665
Short term provisions		9.102	8.691
Provisions related to employee benefits	*13*	*8.011*	*7.035*
Other short term provisions	*14*	*1.091*	*1.656*
Other current liabilities	16	24.711	12.752
Non current liabilities		**3.370**	**3.427**
Provisions for employment termination benefits	13	3.370	3.427
EQUITY		**188.380**	**252.744**
Share capital	17	110.000	110.000
Adjustment to share capital	17	6.628	6.628
Restricted reserves	17	7.161	758
Other reserves		3	3
Items that will not be reclassified subsequently to profit or loss		(471)	(300)
Losses on remeasurement of defined benefit plans		(471)	(300)
Retained earnings		85.034	78.940
Net (loss)/profit for the period		(19.975)	56.715
TOTAL LIABILITIES AND EQUITY		**949.699**	**1.055.929**

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

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

(Tutarlar aksi belirtilmedikçe bin TL olarak ifade edilmiştir.)

	Notes	Current Period 1 January- 31 December 2014	Prior Period 1 January- 31 December 2013
Revenue	18	3.016.438	2.957.274
Cost of sales (-)	18	(2.465.551)	(2.403.746)
GROSS PROFIT		**550.887**	**553.528**
Marketing expenses (-)	19	(463.350)	(419.243)
General administrative expenses (-)	19	(45.513)	(33.716)
Other income from operating activities	20	10.505	19.085
Other expenses from operating activities (-)	20	(60.893)	(40.555)
OPERATING (LOSS)/PROFIT		**(8.364)**	**79.099**
Income from investing activities	21	6.566	8.597
OPERATING (LOSS)/PROFIT BEFORE FINANCIAL EXPENSE		**(1.798)**	**87.696**
Finance expenses (-)	22	(22.250)	(17.208)
(LOSS)/PROFIT BEFORE TAX		**(24.048)**	**70.488**
Tax income/(expense)		**4.073**	**(13.773)**
-Current tax expense	23	(4.747)	(17.655)
-Deferred tax income/(expense)	23	8.820	3.882
NET (LOSS)/PROFIT FOR THE PERIOD		**(19.975)**	**56.715**
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit or loss		**(171)**	**(208)**
Loss on remeasurement of defined benefit plans		*(214)*	*(260)*
Deferred tax income		*43*	*52*
TOTAL COMPREHENSIVE (LOSS)/INCOME		**(20.146)**	**56.507**
(Loss)/earnings per share (1000 shares)	**24**	**(0,018)**	**0,052**

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

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

	Share capital	Adjustment to share capitals	Restricted reserves	Other reserves	Items that will not be reclassified subsequently to profit or loss	Accumulated profit/(loss)	Net profit/(loss)	Total equity
Prior period								
Balance at 1 January 2013	110.000	6.628	758	3	(92)	28.405	50.535	196.237
Transfer to retained earnings	-	-	-	-	-	50.535	(50.535)	-
Total comprehensive income	-	-	-	-	(208)	-	56.715	56.507
Balance at 31 December 2013	110.000	6.628	758	3	(300)	78.940	56.715	252.744
Current Period								
Balance at 1 January 2014	110.000	6.628	758	3	(300)	78.940	56.715	252.744
Transfer to retained earnings	-	-	6.403	-	-	50.312	(56.715)	-
Dividends (*)	-	-	-	-	-	(44.218)	-	(44.218)
Total comprehensive loss	-	-	-	-	(171)	-	(19.975)	(20.146)
Balance at 31 December 2014	110.000	6.628	7.161	3	(471)	85.034	(19.975)	188.380

(*) Dividends paid by the Group per share with a TRY 1 nominal value is TRY 0,40.

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

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

	Notes	Current Period 1 January- 31 December 2014	Prior Period 1 January- 31 December 2013
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(19.975)	56.715
Adjustments:			
Interest expense, credit cards' commissions and other			
financing expenses	22	22.250	17.208
Depreciation and amortization expenses	10, 11, 12	36.761	29.054
Retirement pay provision	13	3.119	3.109
Unused vacation provision	13	305	284
Loss arising from disposal of tangible assets of closed stores	11	4.235	2.129
Impairment/(reversal of impairment) of tangible assets related to the stores to be closed, net	11	5.112	(222)
Provision for impairment on inventories	8	1.053	978
Interest income	21	(6.566)	(8.597)
Tax (income)/expense	23	(4.073)	13.773
		42.221	**114.431**
Changes in working capital:			
Decrease in trade receivables and other receivables		1.132	15.709
(Increase)/decrease in trade receivables from related parties		(3.606)	6.409
(Increase) in inventories		(20.031)	(45.989)
Decrease/(increase) in other current assets and prepaid			
expenses		14.880	(10.281)
Decrease/(increase) in other non current assets		(3.503)	(4.405)
(Decrease) in trade payables		(52.557)	(19.033)
Increase/(Decrease) in trade payables to related parties		5.416	(1.038)
Increase in other current liabilities		8.257	9.043
Increase in other non current liabilities		289	312
Retirement pay provison paid		(3.679)	(2.399)
Current tax paid		(7.977)	(18.343)
Cash (used in)/provided from operations		**(19.158)**	**44.416**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible assets	11	(46.338)	(49.740)
Purchase of intangible assets	12	(16.071)	(6.474)
Interest received	21	6.566	8.263
Cash used in investment activities		**(55.843)**	**(47.951)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest, credit card commissions and other finance costs paid	22	(22.250)	(17.208)
Dividend payments		(44.218)	-
Cash used in financing activities		**(66.468)**	**(17.208)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(141.469)**	**(20.743)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**334.467**	**355.210**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**192.998**	**334.467**

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

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

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

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 1 – ORGANIZATIONS AND OPERATIONS OF THE GROUP

Teknosa İç ve Dış Ticaret A.Ş., ("Teknosa" or "The Company") was established at 9 March 2000, and is engaged in retail sales of consumer electronics through its stores and website "www.teknosa.com" and air conditioners and white goods through its dealers. The Company's parent is Hacı Ömer Sabancı Holding A.Ş. and it is ultimately controlled by Sabancı Family members. The number of personnel of the Company is 3.511 as of 31 December 2014 (31 December 2013: 4.151). The Company has been registered in Turkey and operates under the laws and regulations of Turkish Commercial Codes.

The Company operates in Turkey in 291 stores with 170.593 square meters retail space as of 31 December 2014 (31 December 2013: 165.867 square meters, 294 stores). The registered Office address of the company is as follows.

Batman Sokak Teknosa Plaza No:18
Sahrayıcedit-İstanbul

The Company's shares have been traded in Borsa Istanbul ("BIST") since 2012.

Subsidiary

Kliksa İç ve Dış Ticaret A.Ş., which is owned 100% by the Company, was included in the scope of consolidation at 31 December 2011 due to plans of extensions of its operations. The main operation of the subsidiary is to sell electronic equipment and electronic marketplace management through the website "www.kliksa.com".

Teknosa and its subsidiary will be referred to as the "Group".

Approval of financial statements

Board of Directors has approved the consolidated financial statements and delegated authority for publishing it on 16 February 2015. General Assembly has the authority to modify the financial statements.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TAS

The attached consolidated financial statements are prepared in accordance with the decree Series II No: 14.1 "Principals Relating to the Financial Reporting Standards in Capital Markets" ("Decree") issued by Capital Markets Board ("CMB") on 13 June 2013 and published in the Official Gazette numbered 28676 and are based on the Turkish Accounting Standards ("TAS") and relating interpretations which became effective with the 5th Article of the Decree in consideration by Public Oversight Accounting and Auditing Standards Authority.

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

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Presentation and Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional and presentation currency of the Group.

Preparation of Financial Statements in Hyperinflationary Periods

The CMB decision No: 11/367 issued at 17 March 2005 requires all companies operating in Turkey and preparing their financial statements in accordance with the Turkish Accounting Standards to cease the inflation accounting application as of 1 January 2005. Based on this requirement, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" is ceased as of 1 January 2005.

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

Comparative information and restatement of the prior periods' financial statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the consolidated financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified and disclosed in line with the related changes. In the current period, the Group made some reclassifications on the prior year financial statements. The details of the reclassifications are as follows:

- In 2013, the Group presented credit card receivables amounting TRY 14.285 under "Trade receivables". In the current year, the Group management reclassified this amount to "Cash and cash equivalents".

- In 2013 the Group presented "Deferred VAT" amounting TRY 3.626 under "Other current assets". In the current year, the Group management reclassified this amount to "Other non-current receivables".

The related reclassifications have no effect on the statement of profit or loss.

2.2 Changes in Accounting Policies

Changes in accounting policies are applied retrospectively and prior year financial statements are restated. The Group did not have any changes in its accounting policies in the current year.

2.3 Changes in Accounting Estimates and Errors

If changes in the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future period, they are applied both in current and future periods. The Group has no significant changes in the accounting estimates in the current year.

2.4 New and Revised Turkish Accounting Standards

a) Amendments to TASs affecting amounts reported in the consolidated financial statements

None.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 New and Revised Turkish Accounting Standards (Continued)

b) New and revised standards, amendments and interpretations effective from 2014 applied with no material effect on the Group's consolidated financial statements

Amendments to TFRS 10, 11,TAS 27	*Investment Entities*[1]
Amendments to TAS 32	*Offsetting Financial Assets and Financial Liabilities*[1]
Amendments to TAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*[1]
Amendments to TAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*[1]
TFRS Interpretation 21	*Levies*[1]
Amendments to TAS 21	*The Effect of Changes in Foreign Exchange Rates*[2]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective from12 November 2014

Amendments to TFRS 10, 11, 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 have been changed.

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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 New and Revised Turkish Accounting Standards (Continued)

b) New and revised standards, amendments and interpretations effective from 2014 applied with no material effect on the Group's consolidated financial statements (Continued)

Amendments to TAS 39 Novation of Derivatives and Continuation of Hedge Accounting

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.

Amendments to TAS 21 The Effect of Changes in Foreign Exchange Rates

Clause (b) of Paragraph 39 of TAS 21 Effects of Changes in Foreign Exchange Rates has been amended as below:

"(b) Income and expenses for each statement of comprehensive income or separate income statement presented (ie including comparatives) shall be translated at exchange rates at the dates of the transactions."

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 New and Revised Turkish Accounting Standards (Continued)

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

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

TFRS 9	*Financial Instruments*
Amendments to TFRS 9 and TFRS 7	*Mandatory Effective Date of TFRS 9 and Transition Disclosures*
Amendments to TAS 19	*Defined Benefit Plans: Employee Contributions* [1]
Annual Improvements to 2010-2012 Cycle	*TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TAS 37, TAS 39* [1]
Annual Improvements to 2011-2013 Cycle	*TFRS 3, TFRS 13, TMS 40* [1]
Amendments to TAS 16 and TAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [2]
Amendments to TAS 16 and TAS 41 TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	*Agriculture: Bearer Plants* [2]
Amendments to TFRS 11 and TFRS 1	*Accounting for Acquisition of Interests in Joint Operations*[2]

[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.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 New and Revised Turkish Accounting Standards (Continued)

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

Amendments to TAS 19 *Defined Benefit Plans: Employee Contributions*

The amendments clarify 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.

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.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 New and Revised Turkish Accounting Standards (Continued)

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

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.

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.

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

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

Amendments to TFRS 11 and TFRS 1 Accounting for Acquisition of Interests in Joint Operations.

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

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarized below:

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposits and credit card slip receivables (Note 5).

Collection risk due from the credit card sales of the Group belongs to the bank. The risk of doubtful trade receivables due and the credit card slip receivables limited within financial condition and the risk of bank. The Group collects the instalments of the its credit card sales according to mutually agreed discount rates with the banks and financial institutions on the following day when the sale made within the scope of the credit card sales contracts made under the various banks and financial institutions.

Related parties

For the purpose of consolidated financial statements, major shareholders, Hacı Ömer Sabancı Holding A.Ş. and affiliates (together referred to as "Sabancı Holding Group"), directors and key management personnel together with their close family members and companies and subsidiaries controlled or affiliated by them are considered and referred to as related parties (Note 4).

Trade receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables that deferred financial income is netted-off and calculated by discounting amounts that will be collected of trade receivables recorded in the original invoice value in the subsequent periods using the effective yield method. Short duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 6).

A credit risk provision for trade receivables is established if there is objective evidence that the Group 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.

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 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Inventories and cost of goods sold

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventory are purchase costs and other transportation costs necessary to prepare the asset for its intended use. Cost is determined by the moving weighted average method. Costs related to the shipment of the inventories from main warehouse and the region warehouses to the stores are booked as expense. Net realizable value is the estimated selling price in the ordinary course of business, less the selling expenses (Note 8).

Benefits obtained from suppliers in the normal course of business, such as rebates, stock protection and similar benefits are deducted from the cost of the related inventory item and are associated with cost of goods sold.

Volume rebates, stock protection, sales support premiums, insert and stand income and other benefits from suppliers are reflected to the cost of the related stock item.

Stock Protection: Stock protection is charged to suppliers in order to increase the sales performance of the older versions of certain products when newer versions are introduced.

Volume Rebates: Represent the premiums received from suppliers based on the purchases made by the Company.

Sales Support Premiums: The Company receives sales support premiums depending on the sales performance on certain days for certain products.

Investment property

Buildings and land held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services, or for administrative purposes or sale in the ordinary course of business, are classified as investment property. Investment properties are carried at cost less accumulated depreciation. Investment properties (except land) are depreciated on a straight-line basis. Depreciation is calculated on the values of investment properties (Note 10). Investment buildings are depreciated over their estimated useful lives of 50 years.

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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation in each case. Property, plant and equipment are depreciated on a straight-line basis (Note 11). The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Useful lives (years)
Buildings	50
Motor vehicles	5
Property, plant and equipment	4-15
Furniture and fixtures	5-10
Leasehold improvements	5-10

Intangible assets and amortization

Intangible assets comprise licenses and rights and computer software. Intangible assets are disclosed with their net value which is acquisition cost less accumulated amortization (Note 12). The amortization periods for intangible assets, which approximate the economic useful lives of such assets, are as follows:

	Useful lives (years)
Licenses and rights	5-15
Computer software	3

Impairment of financial assets

The Group reviews all assets with indefinite useful lives at each balance sheet date in order to see if there is a sign of impairment on the stated asset. The Group management considers the loss before interest, tax, amortization and depreciation for the stores which operates more than a year as an indicator of impairment. If there is such a sign, carrying amount of the stated asset is compared with the net realizable value which is the higher of value in use and fair value less cost to sell. Impairment exists if the carrying value of an asset or a cash generating unit including the asset is greater than its net realizable value. Impairment losses are recognized in the consolidated income statement.

The Group management accounts for provision for the impairment of the tangible assets of the stores, where an approval has been received to close down the store as of the balance sheet date.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers (Note 6). Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Leases-the Group as the lessee

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Statement of cash flows

Cash flows for the period are mainly reported depending on the operating, investing and financing activities of the Group.

Cash flows from operating activities represent the cash flows generated from the Group's sales of consumer electronics, air-conditioners and white goods.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group.

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value.

Borrowings

Borrowings are recognized initially at the proceeds received; net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings. Borrowing costs, including interest costs and related commissions, are capitalized for qualifying assets since 1 January 2007. Interest cost is included in the cost of assets only when expenditures have been made and activities necessary to bring the asset to its intended use are in progress. Capitalization ceases when the asset is substantially complete and ready for its intended use.

Taxation on income

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Taxation on income (Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. 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 Group 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 end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Taxation on income (continued)

Deferred tax (continued)

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority and are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Provision for employment termination benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No. 19 “Employee Benefits” (“TAS 19”).

Provision for employment termination benefits represents the present value of the estimated total provision of the future probable obligation of the Group 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 13).

Earnings per share

Earnings per share disclosed in the statement of consolidated comprehensive income are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned (Note 24). In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions and balances

Foreign currency transactions during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into Turkish Lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of profit or loss.

Revenue recognition

Revenue is recognized on the invoiced amount on an accrual basis at the time of deliveries or acceptances are made. Net sales represent the invoiced value of goods shipped less sales returns and commission. The fair value of the consideration is determined by discounting all future receipts using the effective yield method. The difference between the fair value and the nominal amount of the consideration is recognized as “financial income” on a time proportion basis that takes into account the effective yield on the asset.

The Group sells warranty policies to extend the warranty period of the products provided by the suppliers. In such transactions the Group acts as the agent of an insurance company where the Group has only minor administrative obligations after-sales. For this reason income earned and expenses incurred from the sale of such warranties are reflected to the financial statements when the sale of the policy occurs and net value of the transaction is presented in the income statement.

Gift vouchers sold by the Group to its customers are classified under other current liabilities section as an advances received. Moreover, gift vouchers are recorded as income as they are used by the customers. The Group also accounts for income for the estimated amount of gift vouchers that are not expected to be used by the customers. Unused gift vouchers are classified under advances received.

Under the customer loyalty program, the Group enables its customers to accumulate bonus from shopping made via Turuncukart which is issued by Teknosa. For the cards reached to base bonus limit to be available for shopping, the Group posts the related amounts to the consolidated financial statements as liability. Used bonus is then presented in sales discounts.

Interest income is recorded by using the effective interest rate.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Warranty expenses and provisions

Provision for warranty expenses for the air-conditioners for which the warranty liability belongs to the Group is calculated based on statistical information for possible future warranty services.

The warranty liability for the consumer electronics retail sales of the Group belongs to the manufacturer or to the importer companies. On the other hand, there is no significant liability of the Group for the extended warranty policies sold by the Group.

Business combinations

Business combinations are accounted for by using the acquisition method. The consideration transferred in a business combination includes the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Acquisition related costs are expensed as they are incurred. The identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values.

Excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill. If this amount is lower than the market value of the net assets of the subsidiary acquired, the excess amount is recognized directly in the income statement.

Segment reporting

The management has determined the operating segments based on the reports used in taking strategic decisions by the Board of Directors and the executive committee (includes general manager and the assistant general managers).

The executive committee evaluates the business in terms of business unit on the basis of retail and dealer group.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Segment reporting (Continued)

The Board of Directors and the executive committee monitor the performance of the operating segments based on a measure of adjusted Earnings Before Interest, Tax, Employment Termination Benefits, Depreciation and Amortization ("EBITDA"). This measurement of the operating segments does not consider the effects of nonrecurring income and expenses. Interest income and expenses are not allocated to operating segments since they are monitored by the central treasury department of the Group. EBITDA is not a measure of operating income, operating performance or liquidity under CMB Financial Reporting Standards. The Group presented EBITDA in the notes to the financial statements besides the requirements of segment reporting since it is used by certain readers in their analyses (Note 3).

Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

Offsetting

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

Events after the reporting period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information (Note 28).

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

In the process of applying the entity's accounting policies, the Group Management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

Useful life of tangible and intangible assets

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment loss. Intangible assets are amortized by straight-line depreciation method over the estimate of their useful lives which are presented below. Useful lives rely on the best estimates of the management, review every balance sheet date and if needed adjustments are proposed.

Impairment of tangible and intangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment loss. Group evaluates its operational performance on the basis of each store and decides to end stores operations upon stores' discounted cash flow projections. Stores' cash flow projections prepared according Group's five year long term plans considering remaining economic useful life of the stores. In this context, Group presumes impairments of leasehold improvements on the stores in which Group is the lessee, considering of the stores continuity. The Group booked TRY 5.112 of impairment reversal as of 31 December 2014 (31 December 2013: TRY 222)

Decrease in value of stocks (NRV)

In accordance with the accounting policy, inventories are stated at the net realizable value. The Group accounts for the products whose sales price is below its cost by the lower of cost or net realizable value. NRV report is prepared by comparing the recorded cost value at the end of the month and sales prices obtained from price lists.

Products with low sales performance is provided for on the cost values based on the previous years' sales performances.

Inactivity for white goods is calculated over 180 days and above, whereas 90 days and above for other goods.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Critical judgments in applying the Group's accounting policies (Continued)

Income Accruals

As of 31 December 2014, the Group has various ongoing lawsuits opened against accrued taxes and penalties by the controllers of the Undersecretariat of Customs as a result of the examination of a certain portion of the air conditioner imports from previous years under two separate investigations.

The Group Management has accounted TRY 5.157 of income accrual regarding such tax penalties in the consolidated financial statements at 31 December 2014 based on the opinions of the legal counsels and customs experts and based on the fact that there are previous lawsuits finalized in favor of the company (Note 16).

Deferred Tax Assets

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from differences between statutory financial statements and financial statements prepared in accordance with the Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"). The subsidiary of the Group has deferred tax assets arising from carried forward tax losses and other temporary differences deductible from its potential future profits. That amount of deferred tax assets which is partly or fully recoverable has been estimated under the current circumstances. During the assessment, due consideration has been given to the future taxable profit projection, potential deadlines for utilization of current period losses, unutilized losses and other tax assets, as well as tax planning strategies which might be adopted where applicable.

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

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NOTE 3 – SEGMENT REPORTING

The Group began applying TFRS 8 starting from 2009 and determined the reportable segments based on the management reports which are regularly reviewed by the Chief Operating Decision Maker ("CODM").

CODM in order to take the decisions relating to the allocation of resources to the operating segments and to evaluate the performance of these segments reviews the results by product category and geographical allocation. The Group's product categories are as follows: electronics retail sales and air conditions, cash registers and white goods through dealers. These sales are also reviewed as stores and dealers (İklimsa). In addition, assets and liabilities are not included since they are not regularly presented to and reviewed by the Group's CODM.

The total equity of Kliksa, the subsidiary of the Group, amounts to TRY 13.626 as of 31 December 2014 (31 December 2013: TRY 7.775), net sales for the year then ended amounts to TRY 208.651 (2013: TRY: 119.415) and net profit amounts to TRY 23.701 (2013: TRY 8.084).

The details of the segment reporting according to the Group's internal reporting are as follows:

	1 January-31 December 2014		
	Stores	**Dealer Group**	**Total**
Total segment income	2.921.801	94.637	3.016.438
Income from third party customers	**2.921.801**	**94.637**	**3.016.438**
Profit before interest, severance pay, depreciation and amortization (EBITDA)	**70.745**	**11.159**	**81.904**

	1 January-31 December 2013		
	Stores	**Dealer Group**	**Total**
Total segment income	2.840.404	116.870	2.957.274
Income from third party customers	**2.840.404**	**116.870**	**2.957.274**
Profit before interest, severance pay, depreciation and amortization (EBITDA)	**120.881**	**12.121**	**133.002**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 3 – SEGMENT REPORTING (Continued)

Reconciliation of EBITDA with profit before taxes:

	1 January 31 December 2014	1 January- 31 December 2013
EBITDA for reportable segments	**81.904**	**133.002**
Depreciation	(36.761)	(29.054)
Financial expenses	(22.250)	(17.208)
Income from investing activities	6.566	8.597
Other expenses-net	(50.388)	(21.470)
Provision for employee termination benefits	(3.119)	(3.379)
(Loss)/Profit before tax	**(24.048)**	**70.488**

NOTE 4 – RELATED PARTY DISCLOSURES

The related parties are companies directly or indirectly controlled by Hacı Ömer Sabancı Holding A.Ş., parent company of Teknosa or companies over which Hacı Ömer Sabancı Holding A.Ş. has significant influence.

Kliksa A.Ş., which is the subsidiary of the Company and consolidated on a line-by-line basis supplies a large portion of its trade goods from the Company. Besides, Kliksa receives services from the Company's support departments such as finance, law, information technologies, and human resources.

	31 December 2014	
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Akbank T.A.Ş.	2.105	-
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	1.485	(101)
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	-	(6.041)
Enerjisa Enerji A.Ş. Ve İştirakleri	-	(1.112)
Avivasa Emeklilik ve Hayat A.Ş.	262	(19)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	92	-
Akçansa Çimento San. ve Tic. A.Ş.	29	-
Aksigorta A.Ş.	15	(41)
Philip Morris Sabancı Pazarlama Satış A.Ş.	11	-
Hacı Ömer Sabancı Holding A.Ş.	-	(7)
	3.999	**(7.321)**

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

	31 December 2013	
Balances with related parties	**Receivables Current Trading**	**Payables Current Trading**
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	173	-
Avivasa Emeklilik ve Hayat A.Ş.	145	-
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	42	(45)
Akbank T.A.Ş.	16	-
Akçansa Çimento San. ve Tic. A.Ş.	13	-
Aksigorta A.Ş.	3	(42)
Sabancı Üniversitesi	1	-
Enerjisa Enerji A.Ş. ve İştirakleri	-	(462)
Temsa Global Sanayi ve Ticaret A.Ş.	-	(1)
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	-	(1.122)
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	-	(233)
	393	**(1.905)**

Deposit accounts in Akbank T.A.Ş.	31 December 2014	31 December 2013
Demand deposit	1.392	20
Time deposit	144.250	318.140
	145.642	**318.160**

Credit card slip receivables in Akbank T.A.Ş.	31 December 2014	31 December 2013
Credit card slip receivables	4.163	1.312
	4.163	**1.312**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

	1 January-31 December 2014		
Transactions with related parties	Sales	Rent expense	Other income/ (expenses)
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	5.085	(7.167)	(874)
Akbank T.A.Ş.	4.660	-	6.556
Aksigorta A.Ş.	552	(8)	(4.335)
Avivasa Emeklilik ve Hayat A.Ş.	1.049	-	(1.247)
H.Ö. Sabancı Holding A.Ş.	157	-	(28)
Akçansa Çimento San. ve Tic. A.Ş.	158	-	-
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	205	-	(119)
Philip Morris Sabancı Pazarlama Satış A.Ş.	54	-	-
Enerjisa Enerji A.Ş. ve İştirakleri	19	-	(6.330)
Sabancı Üniversitesi	11	-	-
Kordsa Global Endüstriyel İplik ve Kord Bezi			
San. ve Tic. A.Ş.	5	-	-
Çimsa Çimento Sanayi ve Ticaret A.Ş.	9		
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	2	-	(8.458)
Other	-	-	(7)
	11.966	**(7.175)**	**(14.842)**

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

	1 January-31 December 2013		
Transactions with related parties	Sales	Rent expense	Other income/ (expenses)
Akbank T.A.Ş.	2.678	-	3.220
Avivasa Emeklilik ve Hayat A.Ş.	560	-	(1.301)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	338	-	-
Akçansa Çimento San. ve Tic. A.Ş.	279	-	-
Aksigorta A.Ş.	183	(28)	(2.445)
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	100	(4.742)	-
H.Ö. Sabancı Holding	97	-	(139)
Kordsa Global Endüstriyel İplik ve Kord Bezi			
San. ve Tic. A.Ş.	23	-	-
Philip Morris Sabancı Pazarlama Satış A.Ş.	19	-	-
Sabancı Üniversitesi	17	-	-
Enerjisa Enerji A.Ş. ve İştirakleri	6	-	(6.066)
Temsa Global Sanayi ve Ticaret A.Ş.	2	-	-
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	1	-	(2.155)
Vista Turizm ve Seyahat A.Ş.	-	-	2.380
Other	1	-	-
	4.304	(4.770)	(6.506)

The Company's key management has been identified as the general managers and directors. Remuneration to key management personnel consists of wages, premiums, pensions, health insurance and life insurance payments. Remunerations of key management personnel for the years ended 31 December 2014 and 2013 are as follows:

	1 January – 31 December 2014	1 January – 31 December 2013
Salaries and other benefits	4.092	6.944
	4.092	6.944

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 5 – CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Cash	1.295	958
Demand deposit	1.718	1.084
Time deposit	175.532	318.140
Credit card slip receivables	14.453	14.285
	192.998	**334.467**

As of 31 December 2014, Group's time deposits include TRY 174.373 Turkish Liras and USD time deposits of TRY 1.159 with the average interest rates of 10,53% and 1.95% respectively (31 December 2013: 9.59%).

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

The details of trade receivables as of 31 December 2014 and 2013 are as follows:

Current trade receivables	31 December 2014	31 December 2013
Trade receivables	19.197	15.820
Due from related parties (Note 4)	3.999	393
Notes receivables	5.852	10.127
Allowance for doubtful receivables (-)	(2.215)	(1.261)
Income accruals	720	-
	27.553	**25.079**

As of 31 December 2014 and 2013, the Group holds the below collaterals for its checks, notes and trade receivables.

	31 December 2014	31 December 2013
Letters of guarantees received	4.376	6.862
Cash deposits and guarantees	-	721
Mortgages	2.706	4.504
	7.082	**12.087**

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NOTE 6 – TRADE RECEIVABLES AND PAYABLES (Continued)

Fair value of the collaterals which the Group is permitted to sell or repledge in the absence of default by the owner of the collateral is TRY 10.695. (31 December 2013: TRY 10.695). As of the balance sheet date, there is not any collateral or mortgage which are sold or repledged.

Current trade payables	31 December 2014	31 December 2013
Trade payables	682.815	735.660
Trade payables to related parties (Note 4)	7.321	1.905
Expense accruals	2.268	1.980
	692.404	**739.545**

As of 31 December 2014, the Group netted of income accruals related to suppliers amounting to TRY 12.409 with trade payables (31 December 2013: TRY 13.096).

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

	31 December 2014	31 December 2013
Deposits and guarantees given	710	640
	710	**640**

	31 December 2014	31 December 2013
Deposits and guarantess received	802	722
	802	**722**

NOTE 8-INVENTORIES

The details of the inventories as of 31 December 2014 and 2013 are presented below:

	31 December 2014	31 December 2013
Trade goods	531.461	511.362
Goods in transit	3.444	3.512
Provision of impairment on inventories (-)	(4.488)	(3.435)
	530.417	**511.439**

Provision of impairment on inventories:	1 January-31 December 2014	1 January-31 December 2013
Opening balance at 1 January	(3.435)	(2.457)
Charge for the year	(1.053)	(978)
Closing balance at 31 December	**(4.488)**	**(3.435)**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 9 – PREPAID EXPENSES AND DEFERRED REVENUE

The details of other current assets as of 31 December 2014 and 2013 are presented below:

Short-term Prepaid Expenses	31 December 2014	31 December 2013
Order advances given for inventory purchase	372	10.780
Short term prepaid expenses	9.500	13.026
	9.872	**23.806**

Long-term Prepaid Expenses	31 December 2014	31 December 2013
Long term prepaid expenses	308	905
	308	**905**

The details of the deferred revenue as of 31 December 2014 and 2013 are presented below:

Short-term Deferred Revenue	31 December 2014	31 December 2013
Order advances received	20.961	24.245
Other	528	141
	21.489	**24.386**

NOTE 10 – INVESTMENT PROPERTY

The movement of investment properties and related accumulated depreciation as of 31 December 2013 is as below:

	Lands	Buildings	Total
Cost Value			
Opening balance at 1 January 2014	2.775	8.811	11.586
Additions	-	-	-
Closing balance at 31 December 2014	2.775	8.811	11.586
Accumulated Depreciation			
Opening balance at 1 January 2014	-	(651)	(651)
Charge for the year	-	(189)	(189)
Closing balance at 31 December 2014	-	(840)	(840)
Net book value as of 31 December 2014	**2.775**	**7.971**	**10.746**

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 10 – INVESTMENT PROPERTY (Continued)

	Lands	Buildings	Total
Cost Value			
Opening balance at 1 January 2013	2.775	8.811	11.586
Additions	-	-	-
Closing balance at 31 December 2013	2.775	8.811	11.586
Accumulated Depreciation			
Opening balance at 1 January 2013	-	(462)	(462)
Charge for the year	-	(189)	(189)
Closing balance at 31 December 2013	-	(651)	(651)
Net book value as of 31 December 2013	**2.775**	**8.160**	**10.935**

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to TRY 479 (2013: TRY 442). Direct operating expenses arising on the investment property in the period include maintenance and repair costs which amounted to TRY 331 (2013: TRY 328). Operating expenses which do not belong to Teknosa store are distributed to lessees.

The fair value of the Group's investment property and land and buildings included in the property, plant and equipment has been arrived at on the basis of a valuation carried out on the respective dates by TADEM Taşınmaz Değerleme Müşavirlik A.Ş. independent valuers not related to the Group. The related company is authorized by CMB in property valuation service, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year. Fair value of investment property was stated as TRY 25.000 in the related valuation report dated 5 November 2012.

Depreciation expenses are included in general administrative expenses (2013: General administrative expenses).

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 11 – PROPERTY, PLANT AND EQUIPMENTS

The movement of tangible assets and related accumulated depreciation as of 31 December 2014 is as below:

	Land	Building	Machinery and equipments	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost value								
Opening balance at 1 January 2014	3.444	6.310	449	86	76.732	109.516	3.349	199.886
Additions	-	11	78	33	8.639	12.982	24.595	46.338
Disposals	-	-	(84)	(21)	(6.589)	(10.452)	-	(17.146)
Transfer from construction in progress (*)	-	-	-	-	3.739	8.851	(17.922)	(5.332)
Closing balance at31 December 2014	**3.444**	**6.321**	**443**	**98**	**82.521**	**120.897**	**10.022**	**223.746**
Accumulated depreciation and impairment losses								
Opening balance at 1 January 2014	-	(584)	(271)	(72)	(41.176)	(44.192)	-	(86.295)
Current charge	-	(113)	(54)	(10)	(11.122)	(16.397)	-	(27.696)
Disposals	-	-	17	21	4.773	8.807	-	13.618
(Provision for)/reversal of impairment net (**)	-	-	-	-	(1.209)	(3.903)	-	(5.112)
Closing balance at31 December 2014	**-**	**(697)**	**(308)**	**(61)**	**(48.734)**	**(55.685)**	**-**	**(105.485)**
Net book value at 31 December 2014	**3.444**	**5.624**	**135**	**37**	**33.787**	**65.212**	**10.022**	**118.261**

(*) The additions amounting to TRY 5.332 relate to intangible assets as of 31 December 2014.
(**) Impairment calculated for tangible assets is TRY 5.485 as of 31 December 2014. Reversal of impairment amount in the period is TRY 373. Depreciation expenses amounting to TRY 25.726 (2013: TRY 23.696) are included in marketing expenses and TRY 1.970 (2013: TRY 1.362) are included in general administrative expenses.

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NOTE 11-PROPERTY, PLANT AND EQUIPMENTS (Continued)

The movement of tangible assets and related accumulated depreciation as of 31 December 2013 is as below:

	Land	Building	Machinery and equipments	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost value								
Opening balance at 1 January 2013	3.444	6.217	316	77	65.187	83.047	2.550	160.838
Additions	-	93	170	9	11.436	14.590	23.443	49.740
Disposals	-	-	(37)	-	(5.140)	(2.845)	-	(8.022)
Transfer from construction in progress (*)	-	-	-	-	5.249	14.725	(22.645)	(2.671)
Closing balance at31 December 2013	**3.444**	**6.310**	**449**	**86**	**76.732**	**109.517**	**3.348**	**199.886**
Accumulated depreciation and impairment losses								
Opening balance at 1 January 2013	-	(282)	(275)	(64)	(34.868)	(31.862)	-	(67.351)
Current charge	-	(302)	(33)	(8)	(10.668)	(14.047)	-	(25.058)
Disposals	-	-	36	-	4.161	1.695	-	5.892
Provision for/(reversal of) impairment net (**)	-	-	1	-	199	22	-	222
Closing balance at31 December 2013	**-**	**(584)**	**(271)**	**(72)**	**(41.176)**	**(44.192)**	**-**	**(86.295)**
Net book value at 31 December 2013	**3.444**	**5.726**	**178**	**14**	**35.556**	**65.325**	**3.348**	**113.591**

(*) The additions amounting to TRY 2.671 relate to intangible assets as of 31 December 2013.
(**) Impairment calculated for tangible assets is TRY 354 as of 31 December 2013. Reversal of impairment amount in the period is TRY 576.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 11-PROPERTY, PLANT AND EQUIPMENTS (Continued)

The Group has reviewed the levels of profitability of its existing stores. Group has decided to close the stores that making loses and the ones which are estimated to make loses among these stores for the subsequent period, and has made a provision for the furniture and fixtures and special costs that are inside of the stores for the fixed asset disposal in the amount of TRY 5.112 has recorded in the profit and loss table. Reusable amounts of the relevant assets are determined by own usage value. While for the rate that is used in the estimation of store equipment is 50%, the whole special costs recorded as expense. Impairment loss are recorded loss from sale of tangible asset under the other operating expenses of the profit or loss table.

NOTE 12 – INTANGIBLE ASSETS

The movement of intangible assets and related accumulated depreciation as of 31 December 2014 and 2013 is as below:

Cost Value	Licenses and Rights	Computer Softwares	Total
Opening balance at 1 January 2014	8.633	23.980	32.613
Additions	876	15.195	16.071
Disposals	(3.103)	-	(3.103)
Transferred from construction in progress	110	5.222	5.332
Closing balance at 31 December 2014	**6.516**	**44.397**	**50.913**
Amortization and Impairment			
Opening balance at 1 January 2014	(2.458)	(14.810)	(17.268)
Charge for the year	(1.376)	(7.500)	(8.876)
Disposals	2.396		2.396
Closing balance at 31 December 2014	**(1.438)**	**(22.310)**	**(23.748)**
Net book value as of 31 December 2014	**5.078**	**22.087**	**27.165**

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NOTE 12 – INTANGIBLE ASSETS (Continued)

Cost Value	Licenses and Rights	Computer Softwares	Total
Opening balance at 1 January 2013	7.853	15.616	23.469
Additions	476	5.998	6.474
Disposals	-	(1)	(1)
Transferred from construction in progress	304	2.367	2.671
Closing balance at 31 December 2013	**8.633**	**23.980**	**32.613**
Amortization and Impairment			
Opening balance at 1 January 2013	(1.986)	(11.476)	(13.462)
Additions	(472)	(3.335)	(3.807)
Disposals	-	1	1
Closing balance at 31 December 2013	**(2.458)**	**(14.810)**	**(17.268)**
Net book value as of 31 December 2013	**6.175**	**9.170**	**15.345**

Amortization expenses amounting to TRY 967 (2013: TRY 1.142) are included in marketing expenses and TRY 7.909 (2013: TRY 2.665) are included in general administrative expenses.

NOTE 13 – PAYABLES RELATED TO EMPLOYEE BENEFITS

The details of the due to employees as of 31 December 2014 and 2013 are presented below:

	31 December 2014	31 December 2013
Accrued salaries	154	32
Social security premiums payable	7.852	8.965
	8.006	**8.997**

The details of the provisions related to employee benefits as of 31 December 2014 and 2013 are presented below:

Short-term provisions	31 December 2014	31 December 2013
Sales personnel premium provision	2.754	3.378
Unused vacation provision	2.225	1.920
Restructringe expense provision	2.000	-
Administrative personnel premium provision	1.032	1.737
	8.011	**7.035**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 13 – PAYABLES RELATED TO EMPLOYEE BENEFITS (Continued)

Long-term provisions	31 December 2014	31 December 2013
Retirement pay provision	2.062	2.408
Administrative personnel premium provision	1.308	1.019
	3.370	**3.427**

Under Turkish Labor Law, the Group 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 TRY 3.541,37 (2013: TRY 3.438,22) for each period of service at 31 December 2014.

Retirement pay liability is not subject to any kind of funding legally. The provision 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 the following actuarial assumptions were used in the calculation of the total liability:

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 of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3,30% real discount rate (31 December 2013: 2%) calculated by using 6% annual inflation rate and 9,5% interest rate. Estimated amount of retirement pay not paid due to voluntary leaves and retained in the Company is also taken into consideration as 92,50% (31 December 2013: 72,5% and 89%). Ceiling for retirement pay is revised semi-annually. Ceiling amount of TRY 3.541,37 which is in effect since 1 January 2015 is used in the calculation of Group's provision for retirement pay liability.

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NOTE 13 – PAYABLES RELATED TO EMPLOYEE BENEFITS (Continued)

	31 December 2014	31 December 2013
Provision at 1 January	2.408	1.438
Service cost	3.030	3.077
Interest cost	89	32
Actuarial (gain)/loss	214	260
Termination benefits paid	(3.679)	(2.399)
	2.062	**2.408**

The main factors during the calculation of termination pay provision are discount rates and employee turnover rates.

If the discount rate had been 1% higher (lower), provision for employee termination benefits would decrease by TRY 220 or (increase) by TRY 181.

If the anticipated turnover rate had been 5% lower (higher) while all other variables were held constant, provision for employee termination benefits would increase by TRY 726 or (decrease) by TRY 1.958.

NOTE 14 – PROVISIONS

The details of the other current provisions as of 31 December 2014 and 2013 are presented below:

	31 December 2014	31 December 2013
Litigation provisions (*)	541	774
Other	550	882
	1.091	**1.656**

(*) Litigation provisions are composed of consumer and employment lawsuits filed against the Group.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 15 – COMMITMENTS

Operating lease agreements

The Group leases various retail spaces as sales area, offices and warehouses by entering into operating lease agreements. These periods of the rent agreements vary between 1-10 years. The lease agreements require the payment of a certain monthly rent or a portion of the revenue of the leasehold store. The lease agreements are basically drawn up in TRY, Euro and USD and the rentals are increased by using the rentals are increased by using the inflation rate or a rate close to the inflation rate during the period of the agreement. According to the present code of obligations, as long as the lessee does not terminate the agreement lease agreements can only be cancelled by the lessor due to irregularities.

The minimum lease payments related tons on cancellable operating leases are as follows:

	31 December 2014	31 December 2013
Less than 1 year	71.286	57.403
Between 1-5 years	586.540	440.435
More than 5 years	140.305	134.656
	798.131	**632.494**

Custom duty and penalty

Some of the previous years' air conditioner imports of the company are being investigated by Customs Consultancy Inspector within two different investigations as of 31 December 2014. As a result of these investigations, the Custom Consultancy Inspectors identifications caused 135 lawsuits amounting to TRY 9.045 as a result of tax operations penalties. 117 of these 135 lawsuits amounting to TRY 8.974 is still present.

TRY 4.108 resulted in the Company's favor and appealed for correction (TRY 118 resulted in the Company's favor and TRY 4,037 resulted in the Company's favor but have been appealed by the administrative board. The process is still continuing). However, the second wave of investigations amounting to TRY 4.937 resulted partially in Company's favor, the portion amounting to TRY 1.925 resulted in Company's favor whereas the portion amounting to TRY 3.012 has been lost. Lost cases have been appealed by the administrative board. The process is still ongoing. Including the approved lawsuit and the ones that have ended in opposition to the Group, a total payment of TRY 5.615 (included VAT in the amount of TRY 459) has been made in 2013.

The Group Management has accounted TRY 5.157 of income accrual regarding such tax penalties in the consolidated financial statements at 31 December 2014 based on the opinions of the legal counsels and customs experts and based on the fact that there are previous lawsuits finalized in favor of the company (Note 16).

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NOTE 15 – COMMITMENTS (Continued)

Collateral, pledge, mortgage position

Collaterals, pledges and mortgages ("CPM") given by the Group as of 31 December 2014 and 2013 is as follows:

CPMs given by the Group	31 December 2014			
	TRY equivalent	USD	Euro	TRY
A. GPM given on behalf of its own legal entity				
-Guarantee	36.167	2.995	5.117	14.788
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	36.167	2.995	5.117	14.788
B. GPM given on behalf of subsidiaires that are included in full consolidation				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	-	-	-	-
C. GPM given in order to guarantee third parties' debt for routine trade operations	-	-	-	-
D. Total amount of other GPM given	-	-	-	-
Total	**36.167**	**2.995**	**5.117**	**14.788**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 15 – COMMITMENTS (Continued)

Collateral, pledge, mortgage position

	31 December 2013			
	TRY equivalent	USD	Euro	TRY
A. GPM given on behalf of its own legal entity				
-Guarantee	54.428	6.810	12.506	3.170
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	54.428	6.810	12.506	3.170
B. GPM given on behalf of subsidiaires that are included in full consolidation				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	-	-	-	-
C. GPM given in order to guarantee third parties' debt for routine trade operations	-	-	-	-
D. Total amount of other GPM given	-	-	-	-
Total	**54.428**	**6.810**	**12.506**	**3.170**

The proportion of the CPM given on behalf of third parties except for the CPM given in the name of the Company's own legal personality to total equity as of 31 December 2014 is 0% (31 December 2013: 0%).

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NOTE 16 – OTHER CURRENT ASSETS AND LIABILITIES

The details of the other current and non-current assets as of 31 December 2014 and 2013 are presented below:

Other current assets	31 December 2014	31 December 2013
Advances given	1.522	1.556
Other current assets	133	448
	1.655	**2.004**

Other non-current assets	31 December 2014	31 December 2013
Deferred VAT	8.785	3.626
Income accrual (Note 15)	5.157	5.157
Evacuation fee	-	1.726
	13.942	**10.509**

The details of the other current liabilities as of 31 December 2014 and 2013 are presented below:

Other current liabilities	2014	2013
VAT payable	23.054	10.575
Other expense accruals (*)	890	1.445
Other liabilities and obligations	767	732
	24.711	**12.752**

(*) Other expense accruals consist of rent expense accruals, provision expenses for insurance policies, sales premium provisions of dealers, and provisions for other miscellaneous expenses.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 17 – EQUITY

Shareholders:	%	31 December 2014	%	31 December 2013
Hacı Ömer Sabancı Holding A.Ş.	60,28	66.311	60,28	66.311
Sabancı Family	28,06	30.864	29,72	32.689
Publicly traded on Borsa İstanbul	11,66	12.825	10,00	11.000
Nominal capital	100,0	110.000	100,0	110.000
Adjustments to nominal capital		6.628		6.628
Adjusted capital		**116.628**		**116.628**

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Legal reserves as mentioned above shall be classified as ''Restricted Reserves" according to Capital Markets Board financial reporting standards. The details of legal reserves are stated below as of 31 December 2014 and 2013:

	31 December 2014	31 December 2013
Legal reserves	7.161	758
	7.161	**758**

Profit Distribution

Public companies distribute profit in accordance with Profit Share Communique no II-19.1 issued by CMB effective from 1 February 2014.

Ventures distribute their profit due to profit distribution policies set by the general assembly in accordance with the related legislation verdicts with a general assembly minute. Within the extent of the communique mentioned above a minimal distribution rate is not designated. Companies distribute their profits in accordance with their main agreements of profit distribution policies.

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NOTE 18 – REVENUE

The details sales and cost of sales as of 31 December 2014 and 2013 are stated below:

Sales income (net)	1 January – 31 December 2014	1 January – 31 December 2013
Consumer electronics retail sales	2.921.801	2.840.404
Sales of air conditioner, cash registers and white goods	94.637	116.870
	3.016.438	**2.957.274**

Cost of sales		
Cost of goods sold	(2.460.385)	(2.395.158)
Installation and warranty expenses	(5.166)	(8.588)
	(2.465.551)	**(2.403.746)**

NOTE 19 – MARKETING AND ADMINISTRATIVE EXPENSES

The details of marketing expenses as of 31 December 2014 and 2013 are stated below:

Marketing expenses	1 January – 31 December 2014	1 January – 31 December 2013
Rent expenses	(161.054)	(134.739)
Personnel expenses	(139.568)	(138.201)
Advertising and promotion expenses	(53.764)	(46.148)
Transportation expenses	(31.349)	(23.272)
Depreciation and amortization expenses	(26.693)	(24.838)
Energy, fuel and water expenses	(15.223)	(14.422)
Consulting expenses	(12.475)	(12.396)
Maintenance expenses	(7.000)	(7.355)
Communication expenses	(1.914)	(1.482)
Travel expenses	(1.275)	(1.341)
Other expenses	(13.035)	(15.049)
	(463.350)	**(419.243)**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 19 – MARKETING AND ADMINISTRATIVE EXPENSES (Continued)

The details of administrative expenses as of 31 December 2014 and 2013 are stated below:

Administrative expenses	1 January – 31 December 2014	1 January – 31 December 2013
Personnel expenses	(17.432)	(16.299)
Depreciation and amortization expenses	(10.068)	(4.216)
IT expenses	(6.705)	(4.579)
Rent expenses	(4.606)	(3.210)
Consulting expenses	(2.513)	(2.019)
Travel expenses	(617)	(650)
Energy, fuel and water expenses	(561)	(557)
Maintenance expenses	(282)	(173)
Other expenses	(2.729)	(2.013)
	(45.513)	**(33.716)**

NOTE 20 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities as of 31 December 2014 and 2013 are stated below:

Other income from operating activities	1 January – 31 December 2014	1 January – 31 December 2013
Discount income	2.768	4.799
Foreign exchange gains	3.219	6.985
Gains from store evacuation and subleases	11	924
Gains from rental of stands in stores	758	665
Deductions from personnel	667	588
Other income	3.082	5.124
	10.505	**19.085**

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NOTE 20 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (Continued)

The details of other expenses from operating activities as of 31 December 2014 and 2013 are stated below:

Other expenses from operating activities (-)	1 January – 31 December 2014	1 January – 31 December 2013
Discount expenses	(38.802)	(28.109)
Loss from sale of tangible assets	(10.619)	(2.043)
Foreign exchange losses	(4.367)	(4.321)
Restructring expenses	(2.000)	-
Commission expenses	(1.524)	(559)
Litigation expenses	(479)	(967)
Donation and aids	(47)	(1.000)
Taxes, duties, charges and funds	(47)	(46)
Other expenses	(3.008)	(3.510)
	(60.893)	**(40.555)**

NOTE 21 – INCOME FROM INVESTING ACTIVITIES

The details of income from investing activities as of 31 December 2014 and 2013 are stated below:

	1 January – 31 December 2014	1 January – 31 December 2013
Interest income	6.566	8.597
	6.566	**8.597**

NOTE 22 – FINANCIAL EXPENSES

The details of financial expenses as of 31 December 2014 and 2013 are stated below:

	1 January – 31 December 2014	1 January – 31 December 2013
Credit card commission expenses	(13.926)	(13.834)
Interest and commission expenses	(4.314)	(35)
Credit card promotion expenses	(3.755)	(2.976)
Guarantee letters commission expenses	(138)	(230)
Other finance expenses	(117)	(133)
	(22.250)	**(17.208)**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 23 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current tax liability	31 December 2014	31 December 2013
Current corporate tax provision	4.747	17.655
Less: prepaid taxes and funds	(3.312)	(12.990)
	1.435	**4.665**

Tax provision	31 December 2014	31 December 2013
Current corporate tax expense	4.747	17.655
Deferred tax expense/(income)	(8.820)	(3.882)
	(4.073)	**13.773**

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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 Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2014 is 20%. (2013: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

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NOTE 23 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes and its statutory tax financial statements.

These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of 20% (2013: 20%) is used.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

Deferred tax assets/(liabilities)	31 December 2014	31 December 2013
Reversal of income accruals arising from additional		
guarantees	7.964	5.376
Tax losses carried forward	9.178	3.253
Expense accruals	2.498	2.928
Inventories	3.135	1.791
Provision for restructuring expense	400	-
Impairment of financial assets (*)	1.322	1.322
Provision for employment termination benefits	412	481
Discount expenses	56	72
Restatement and depreciation/amortization differences of property, plant and equipment and other intangible assets	(6.569)	(6.179)
Income accruals	(1.584)	(1.341)
Discount income	(633)	(632)
Other	(107)	138
	16.072	**7.209**

(*) As of 31 December 2007, the Group has provided provision for the total financial asset value of Primex S.A. amounting to TRY 6.608, in which the Group invested 51% in 2006. In 2014, the related company has been liquidated.

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 23 – INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Deferred Tax: (Continued)

Deferred tax asset movement	1 January – 31 December 2014	1 January – 31 December 2013
Opening balance at 1 January 2014	7.209	3.275
Charged to equity	43	52
Deferred tax income	8.820	3.882
Closing balance at 31 December 2014	**16.072**	**7.209**

At the balance sheet date, the Group has unused tax losses of TRY 45.545 (2013: TRY 16.265) available for offset against future profits. A deferred tax asset has been recognized in respect of TRY 9.178 (2013: TRY 3.253) of such losses.

Expiration schedule of carried forward tax losses is as follows:

	31 December 2014	31 December 2013
Expiring in 2015	223	223
Expiring in 2016	291	291
Expiring in 2017	4.414	4.414
Expiring in 2018	11.337	11.337
Expiring in 2019	29.280	-
	45.545	**16.265**

Total charge for the year can be reconciled to the accounting profit as follows:

	1 January – 31 December 2014	1 January – 31 December 2013
(Loss)/profit from continuing operations before tax	(24.048)	70.488
Effective tax rate	%20	%20
Calculated tax	4.810	(14.098)
Tax effects of:		
-expenses that are not deductible in determining taxable profit	(845)	(1.397)
-revenue that is exempt from taxation	-	522
-previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets	-	987
Other	108	213
Tax income/(expense) recognised in the statement of profit or loss	**4.073**	**(13.773)**

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NOTE 24 – EARNINGS/LOSS PER SHARE

There were no dilutive equity instruments outstanding, that would require the calculation of separate diluted earnings per share. The calculation of basic earnings per share attributable to ordinary equity holders of the parent is as follows:

Earning per share	1 January – 31 December 2014	1 January – 31 December 2013
Weighted average number of ordinary shares outstanding during the period (in full)	110.000.000	110.000.000
Net (loss)/profit for the year attributable to owners of the company/Group	(19.975)	56.715
Basic (loss)/earnings per share from continuing operations-thousands of ordinary shares (TRY)	(0,182)	0,516

NOTE 25 – 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 Group 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 Group could realise 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 year-end exchange rates, are considered to approximate carrying value.

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 value of trade receivables along with the related allowances for uncollectibility is estimated to be their fair values.

NOTE 25 – FINANCIAL INSTRUMENTS (Continued)

Monetary liabilities

The fair values of short-term monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at variable rates and denominated in foreign currencies, are translated at period-end exchange rates and accordingly their carrying amounts approximate their fair values.

Fair value estimation

The classification of the Group's financial assets and liabilities at fair value is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

As of 31 December 2014, The Group has not any private sector bonds which are quoted in "interbank bond market" (2013: None). Such financial assets which are carried at their fair value are deemed as Level 1 financial instruments as result of the quotation to "interbank bond market".

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NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total payables (including borrowings, trade payables, due to related parties and advances received, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt. The gearing ratios at 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Total borrowings	-	-
Less: cash and cash equivalents	(192.998)	(334.467)
Net debt	(192.998)	(334.467)
Total equity	188.380	252.744
Total capital	(4.618)	(81.723)
Net debt/capital ratio	**41,79**	**4,09**

b) Financial risk management

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. Significant part of trade receivables comprise credit card receivables and the Group has is not exposed to credit risk concerning credit card receivables. The Group collects the instalments of its credit card sales according to the mutually agreed discount rates with the banks and financial institutions on the nest day when the sale made within the scope of the credit card sales contracts made under the various banks and financial institutions. Other trade receivables, cheques and notes are due from dealer sales of air-conditioning, cash register and white goods. The Group has set up an effective control system on the dealers that are followed by credit risk management and each debtors have their own credit limit. The Group consider the past experience and collateral from dealers (Note 6).

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NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b.1) Credit risk management

The table which reflects the Group's credit risk regarding the financial instruments as of 31 December 2014 is as follows:

	Receivables		
	Trade Receivables		
31 December 2014	**Related Party**	**Other**	**Deposits at banks**
The maximum credit risk exposure as of reporting date (*)	3.999	25.769	177.250
-Collateralised part of maximum credit risk (**)	-	10.363	-
A. Net carrying value of neither			
overdue nor impaired financial assets	3.999	22.127	177.250
B.Net carrying value of overdue but not impaired assets	-	1.427	-
C. Net carrying value of impaired assets			
-Overdue (gross carrying value)	-	2.215	-
-Provision for impairment (-)	-	(2.215)	-
-Amount of risk covered by guarantees	-	-	-
-Undue (gross carrying value)	-	-	-
-Provision for impairment (-)	-	-	-
-Amount of risk covered by guarantees	-	-	-
D. Off balance sheet risk items	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.
(**) Guarantees consist of guarantee letters, guarantee notes and mortgages obtained from the customers.

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NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b.1) Credit risk management (continued)

The table which reflects the Group's credit risk regarding the financial instruments as of 31 December 2013 is as follows:

	Receivables		
	Trade Receivables		
31 December 2013	Related Party	Other	Deposits at banks
The maximum credit risk exposure as of reporting date (*)	393	25.947	319.224
-Collateralised part of maximum credit risk (**)	-	11.366	-
A. Net carrying value of neither overdue nor impaired financial assets	393	22.958	319.224
B.Net carrying value of overdue but not impaired assets	-	1.728	-
C. Net carrying value of impaired assets			
-Overdue (gross carrying value)	-	1.261	-
-Provision for impairment (-)	-	(1.261)	-
-Amount of risk covered by guarantees	-	-	-
-Undue (gross carrying value)	-	-	-
-Provision for impairment (-)	-	-	-
-Amount of risk covered by guarantees	-	-	-
D. Off balance sheet risk items	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.
(**) Guarantees consist of guarantee letters, guarantee notes and mortgages obtained from the customers.

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NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b.1) Credit risk management (continued)

Explanations on the credit quality of financial assets

As of 31 December 2014 and 2013, banks which contain cash and cash equivalents that are included in the neither overdue nor impaired financial assets have mostly high credit ratings, whereas the counterparties included in trade receivables in the same category are customers/related parties with whom the Group has been in relation for a long time and did not have any significant collection problems.

Aging of receivables that are past due but not impaired are as follows:

	Trade Receivables	
	31 December 2014	31 December 2013
1-30 days overdue	-	-
1-3 months overdue	714	1.329
3-12 months overdue	713	399
1-5 years overdue	-	-
More than 5 years overdue	-	-
Total overdue receivables	**1.427**	**1.728**
Amount of risk covered by guarantees	369	466

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b.2) 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 Group aims at maintaining flexibility in funding by keeping committed credit lines available. The Group management monitors the Group's liquidity reserve movements according to their projected cash flows.

The Group management holds adequate cash, credit commitment and credit card receivables that will meet the need for cash for recent future in order to manage its liquidity risk. In this context, the Group has credit commitment agreements (monetary and non-monetary) from banks amounting to TRY 1.255.415 that the Group can utilize whenever needed (2013: TRY 1.211.034).

The table below shows the Group's liquidity risk arising from financial liabilities:

31 December 2014

Contructual maturities	Carrying value	Contractual cash flows (I+II+III)	Less than 3 months (I)	3 months to 1 year (II)	1-5 years (III)
Non-derivative financial liabilities					
Trade payables	692.404	695.722	695.722	-	-
Related party	*7.321*	*7.321*	*7.321*	-	-
Third party	*685.083*	*688.401*	*688.401*	-	-
Other payables	802	802	802	-	-
Other	*802*	*802*	*802*	-	-
Total liabilities	**693.206**	**696.524**	**696.524**	**-**	**-**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b.2) Liquidity risk (continued)

31 December 2013

Contructual maturities	Carrying value	Contractual cash flows (I+II+III)	Less than 3 months (I)	3 months to 1 year (II)	1-5 years (III)
Non-derivative financial liabilities					
Trade payables	739.545	741.369	741.369	-	-
Related party	*1.905*	*1.905*	*1.905*	-	-
Third party	*737.640*	*739.464*	*739.464*	-	-
Other payables	722	722	722	-	-
Other	*722*	*722*	*722*	-	-
Total liabilities	**740.267**	**742.091**	**742.091**	**-**	**-**

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NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign Currency Risk

The Group is exposed to the foreign exchange risk through the conversion of foreign exchange payable is resulting from the purchases of consumer electronics made from the domestic vendors and the air conditioners, cash registers and white goods purchases made from foreign suppliers to TRY.

The risk is monitored in regular meetings held by the Board of Directors. The idle cash is evaluated in foreign exchange risk in order to minimize the foreign exchange risk resulted from balance sheet items. The Group also preserves itself from the foreign currency risk by the limited use of forwards, one of derivative instruments, if necessary.

Foreign Currency Position	31 December 2014				
	Equivalents of TRY	USD	Euro	GBP	Other
1. Trade receivable	3.233	1.183	173	-	109
2a. Monetary financial assets	1.195	507	7	-	-
2b. Non monetary financial assets	-	-	-	-	-
3. Other	24	9	1	-	-
4. CURRENT ASSETS	**4.452**	**1.699**	**181**	**-**	**109**
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON CURRENT ASSETS	**-**	**-**	**-**	**-**	**-**
9. TOTAL ASSETS	**4.452**	**1.699**	**181**	**-**	**109**
10. Trade payables	6.941	1.408	1.302	1	-
11. Financial liabilities	-	-	-	-	-
12a. Other monetary liabilities	1.822	338	368	-	-
12b. Non monetary other liabilities	-	-	-	-	-
13. CURRENT LIABILITIES	**8.763**	**1.746**	**1.670**	**1**	**-**

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NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign Currency Risk (Continued)

Foreign Currency Position	31 December 2014				
	Equivalents of TRY	USD	Euro	GBP	Other
14. Trade payables	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non monetary other liabilities	-	-	-	-	-
17. NON CURRENT LIABILITIES	**-**	**-**	**-**	**-**	**-**
18. TOTAL LIABILITIES	**8.763**	**1.746**	**1.670**	**1**	**-**
19. Net assets/liability position of off-balance					
derivative instruments (19a-19b)	-	-	-	-	-
19.a Derivative instrument amounts of off-balance items with asset qualifications per foreign currency	-	-	-	-	-
19b. Derivative instrument amounts of off-balance items with liability qualifications per foreign currency	-	-	-	-	-
20. Net foreign currency assets (liabilities) position (9-18+19)	(4.311)	(47)	(1.489)	(1)	109
21. Monetary items net foreign currency assets/(liabilities)					
position (1+2a+5+6a-10-11-12a-14-15-16a)	(4.335)	(56)	(1.490)	(1)	109
22. Total fair value of foreign currency hedge	-	-	-	-	-
23. The amount for the hedged portion foreign curreny assets	-	-	-	-	-
24. The amount for the hedged portion of foreign currency liabilities	-	-	-	-	-

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NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign Currency Position	31 December 2013				
	Equivalents of TRY	USD	Euro	GBP	Other
1. Trade receivable	2.112	965	17	-	109
2a. Monetary financial assets	9	3	1	-	-
2b. Non monetary financial assets	-	-	-	-	-
3. Other	10.785	3.229	1.326	-	-
4. CURRENT ASSETS	**12.906**	**4.197**	**1.344**	**-**	**109**
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-
7. Other	284	133	-	-	-
8. NON CURRENT ASSETS	**284**	**133**	**-**	**-**	**-**
9. TOTAL ASSETS	**13.190**	**4.330**	**1.344**	**-**	**109**
10. Trade payables	1.076	167	245	-	-
11. Financial liabilities	-	-	-	-	-
12a. Other monetary liabilities	1.823	338	375	-	-
12b. Non monetary other liabilities	-	-	-	-	-
13. CURRENT LIABILITIES	**2.899**	**505**	**620**	**-**	**-**
14. Trade payables	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non monetary other liabilities	-	-	-	-	-
17. NON CURRENT LIABILITIES	**-**	**-**	**-**	**-**	**-**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign Currency Position	31 December 2013				
	Equivalents of TRY	USD	Euro	GBP	Other
18. TOTAL LIABILITIES	**2.899**	**505**	**620**	**-**	**-**
19. Net assets/liability position of off-balance	-	-	-	-	-
derivative instruments (19a-19b)	-	-	-	-	-
19.a Derivative instrument amounts of off-balance items with asset qualifications per foreign currency	-	-	-	-	-
19b. Derivative instrument amounts of off-balance items with liability qualifications per foreign currency	-	-	-	-	-
20. Net foreign currency assets (liabilities) position (9-18)	10.291	3.825	724	-	109
21. Monetary items net foreign currency assets/(liabilities)					
position (1+2a+5+6a-10-11-12a-14-15-16a)	(778)	463	(602)	-	109
22. Total fair value of foreign currency hedge					
23. The amount for the hedged portion foreign curreny assets	-	-	-	-	-
24. The amount for the hedged portion of foreign currency liabilities	-	-	-	-	-

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NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates of USD, EUR and other foreign currencies. These amounts have indicated the effect of the USD, EUR and other foreign currencies against TRY strengthened/weakened by 10%. During this analysis all other variables held constant.

Foreign Currency Sensitivity Table	31 December 2014	
	Profit/Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TRY		
1-USD Dollars net assets/liabilities	(13)	13
2-Amount hedged for USD risk (-)	-	-
3-USD net effect (1 +2)	**(13)**	**13**
In case 10% appreciation of EUR against TRY		
4-EUR net assets/liabilities	(420)	420
5-Amount hedged for EUR risk (-)	-	-
6-EUR net effect (4+5)	**(420)**	**420**
TOTAL (3 + 6)	**(433)**	**433**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 26-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign Currency Sensitivity Table	31 December 2013	
	Profit/Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TRY		
1-USD Dollars net assets/liabilities	99	(99)
2-Amount hedged for USD risk (-)	-	-
3-USD net effect (1 +2)	**99**	**(99)**
In case 10% appreciation of EUR against TRY		
4-EUR net assets/liabilities	(177)	177
5-Amount hedged for EUR risk (-)	-	-
6-EUR net effect (4+5)	**(177)**	**177**
In case 10% appreciation of other foreign currencies against TRY		
7-Other foreign currencies net assets/liabilities	1	(1)
8-Amount hedged for other foreign currencies risk (-)	-	-
9-Other foreign currencies net effect (7+8)	**1**	**(1)**
TOTAL (3 + 6 +9)	**(77)**	**77**

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NOTE 27-FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Categories of financial instruments and fair values

31 December 2014	Loans and receivables	Derivative financial instruments	Financial liabilities at amortized cost	Carrying value	Note
Financial assets					
Cash and cash equivalents	192.998	-	-	192.998	5
Trade receivables (including trade receivables from related parties)	27.553	-	-	27.553	6
Other receivables (including trade receivables from related parties)	710	-	-	710	7
Financial liabilities					
Trade payables (including trade payables to related parties)	-	-	692.404	692.404	6
Other payables (including trade payables to related parties)	-	-	802	802	7

31 December 2013	Loans and receivables	Derivative financial instruments	Financial liabilities at amortized cost	Carrying value	Note
Financial assets					
Cash and cash equivalents	334.467	-	-	334.467	5
Trade receivables (including trade receivables from related parties)	25.079	-	-	25.079	6
Other receivables (including trade receivables from related parties)	640	-	-	640	7
Financial liabilities					
Trade payables (including trade payables to related parties)	-	-	739.545	739.545	6
Other payables (including trade payables to related parties)	-	-	722	722	7

NOTE 28 – EVENTS AFTER REPORTING PERIOD

The Group has opened two new stores in Ankara and İzmir and closed five stores in Mersin, Adana, Tokat and Ankara between the balance sheet date and 12 February 2015. The retail sales area of the Group has decreased by 3.960 meter squares together with these stores.

The Group has opened 1 new store and closed 1 store in Ankara with the intent of store revision between the balance sheet date and 12 February 2015. The related changes decreased the retail sales area of the Group by 653 meter squares.

TeknoSA İç ve Dış Tic. A.Ş.
TeknoSA Plaza, Batman Sokak No: 18
Sahrayıcedit 34734 ISTANBUL/TURKEY
Tel: (+90 216) 468 36 36
E-mail: yatirimciiliskileri@teknosa.com