TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

CONVENIENCE TRANSLATION
INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2013

Deloitte.

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

INDEPENDENT AUDITOR'S REPORT

Teknosa İç ve Dış Ticaret A.Ş. Yönetim Kurulu'na

1. We have audited the accompanying consolidated balance sheet of Teknosa İç ve Dış Ticaret A.Ş. ("the Company") and its subsidiary (together will be referred as "the Group") as at 31 December 2013, 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

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"), 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

3. 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. 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.

4. 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.

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

Opinion

6. 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 2013, and of their financial performance and their cash flows for the year then ended in accordance with TAS (refer to Note 2).

Reports on Other Legal and Regulatory Requirements

7. In accordance with Article 402 of Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors provided us all the required information and documentation in terms of audit; and nothing has come to our attention that may cause us to believe that the Group's set of accounts prepared for the period 1 January-31 December 2013 does not comply with the code and the provisions of the Company's articles of association in relation to financial reporting.

8. In accordance with Article 378 of Turkish Commercial Code No. 6102, in publicly traded companies, the board of directors is obliged to establish a committee consisting of specialized experts, to run and to develop the necessary system for the purposes of early identification of any risks that may compromise the existence, development and continuation of the company; applying the necessary measures and remedies in this regard and managing such risks. According to paragraph 4 of Article 398 of the same code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include the evaluation of the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report, yet. Therefore, no separate report has been drawn up regarding this matter. On the other hand, the Company established the mentioned committee on 24 October 2013 and the committee is comprised of 3 members, 1 chairman and 2 members. Since the date of its establishment, the committee has held 2 meetings for the purposes of early identification of any risks that may compromise the existence and development of the Company, applying the necessary measures and remedies in this regard and managing such risks, and has submitted the relevant reports to the Board of Directors.

Deloitte.

Other matter

9. The audit of the consolidated interim financial information of the Group for the year ended 31 December 2012 was performed by another independent auditing firm. On 13 February 2013 the predecessor auditing firm expressed an unqualifed opinion in the auditor's report on the consolidated financial statements as of 31 December 2012.

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

Ömer Tanrıöver, SMMM
Partner

İstanbul, 17 February 2014

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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013

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

	Notes	Current period 31 December 2013	Restated Prior period 31 December 2012
ASSETS			
Current Assets		**900.671**	**884.798**
Cash and cash equivalents	5	320.182	355.210
Financial investments	25	-	3.009
Trade receivables	6	39.364	44.187
Due from related parties	4	*393*	*6.802*
Due from third parties		*38.971*	*37.385*
Inventories	8	511.689	466.678
Prepaid expenses	9	23.806	13.895
Other current assets	16	5.630	1.819
Non current assets		**155.508**	**125.024**
Other receivable	7	640	584
Investment property	10	10.935	11.124
Property, plant and equipment	11	113.591	93.487
Intangible assets	12	15.345	10.007
Prepaid expenses	9	905	4.012
Deferred tax assets	23	7.209	3.276
Other non current assets	16	6.883	2.534
TOTAL ASSETS		**1.056.179**	**1.009.822**

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

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013

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

	Notes	Current period 31 December 2013	Restated Prior period 31 December 2012
LIABILITIES			
Current liabilities		**800.008**	**811.440**
Trade payables	6	738.230	758.301
Due to related parties	4	*1.905*	*2.943*
Due to third parties		*736.325*	*755.358*
Liabilities related to employee benefits	13	8.997	8.056
Other payables		722	590
Deferred income	9	24.386	24.334
Current period tax liability	23	4.665	5.353
Short term provisions		8.104	11.929
Provisions related to employee benefits	13	*6.448*	*10.454*
Other short term provisions	14	*1.656*	*1.475*
Other current liabilities	16	14.904	2.877
Non current liabilities		**3.427**	**2.145**
Provisions for employment termination benefits	13	3.427	2.113
Other payables		-	32
EQUITY		**252.744**	**196.237**
Share capital	17	110.000	110.000
Adjustment to share capital	17	6.628	6.628
Restricted reserves	17	758	758
Other reserves		3	3
Items that will not be reclassified subsequently to profit or loss		(300)	(92)
Retained earnings		78.940	28.405
Net profit for the period		56.715	50.535
TOTAL LIABILITIES		**1.056.179**	**1.009.822**

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

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Notes	Current period 1 January – 31 December 2013	Restated Prior period 1 January – 31 December 2012
Revenue	18	2.957.274	2.333.376
Cost of sales (-)	18	(2.403.746)	(1.869.854)
GROSS PROFIT		**553.528**	**463.522**
Marketing expenses (-)	19	(419.243)	(339.469)
General administrative expenses (-)	19	(33.716)	(32.121)
Other operating incomes	20	19.085	19.801
Other operating expenses (-)	20	(40.555)	(39.175)
OPERATING PROFIT		**79.099**	**72.558**
Investment income	21	8.597	7.534
OPERATING PROFIT BEFORE FINANCIAL EXPENSE		**87.696**	**80.092**
Financial expense (-)	22	(17.208)	(15.340)
PROFIT BEFORE TAX		**70.488**	**64.752**
Tax expense		**(13.773)**	**(14.217)**
- Current tax expense	23	(17.655)	(13.076)
- Deferred tax (expense) / income	23	3.882	(1.141)
NET PROFIT FOR THE PERIOD		**56.715**	**50.535**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss		**(208)**	**(71)**
- Actuarial losses on post employment benefit oblications		(208)	(71)
Items that may be reclassified subsequently to profit or loss		-	-
		56.507	50.464
Earnings per share (1000 shares)	24	0,516	0,459

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

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Share capital	Adjustment to share capital	Restricted reserves	Other reserves	Items that will not be reclassified subsequently to profit or loss	Accumulated profit / (loss)	Net profit / (loss)	Total
Prior period								
Balance at 1 January 2012	110.000	6.628	758	3	(21)	(21.820)	50.225	145.773
Transfer to retained earnings/(losses)	-	-	-	-	-	50.225	(50.225)	-
Total comprehensive income	-	-	-	-	(71)	-	50.535	50.464
Balance at 31 December 2012	110.000	6.628	758	3	(92)	28.405	50.535	196.237
Current 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

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Notes	Current period 1 January – 31 December 2013	Restated Prior period 1 January – 31 December 2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		70.488	64.752
Adjustments:			
Interest expense, credit cards' commissions and other financing expenses	22	17.208	15.340
Depreciation and amortization expenses	10, 11, 12	29.054	23.132
Retirement pay provision	13	3.109	2.175
Unused vacation provision	13	284	242
Loss arising tangible assets' disposal of closed down stoı	11	2.129	4.172
Release of impairment of tangible assets related to the stores to be closed, net	11	(222)	(4.250)
Provision for impairment on inventories	8	728	366
Interest income	21	(8.597)	(7.534)
		114.181	**98.395**
Operating cash flows before changes in working			
Decrease / (increase) in trade receivables and other receivables		1.424	(473)
Decrease in trade receivables from related parties		6.409	(3.104)
Increase in inventories		(45.739)	(211.414)
Increase in other current assets and prepaid expenses		(10.281)	(2.115)
Increase in other non current assets		(4.405)	850
(Decrease) / increase in trade payables		(19.033)	333.386
Decrease in trade payables to related parties		(1.038)	404
Increase in other current liabilities		9.043	14.591
Decrease in other non current liabilities		312	13
Retirement pay provison paid	13	(2.399)	(1.759)
Current tax paid	23	(18.343)	(7.723)
Cash used in operations		**30.131**	**221.051**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Financial investment acquisition		-	(3.009)
Purchase of tangible assets	11	(49.740)	(37.104)
Purchase of intangible assets	12	(6.474)	(4.518)
Interest received		8.263	7.534
Cash used in investment activities		**(47.951)**	**(37.097)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest, credit card commissions and other finance costs paid		(17.208)	(15.340)
Cash used in financing activities		**(17.208)**	**(15.340)**
NET CHANGE IN CASH AND CASH EQUVALENTS		**(35.028)**	**168.614**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**355.210**	**186.596**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**320.182**	**355.210**

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

NOTE 1 – ORGANIZATIONS AND NATURE OF BUSINESS

Teknosa İç ve Dış Ticaret A.Ş., ("Teknosa" or "The Company") was established on 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 4.151 as of 31 December 2013 (31 December 2012: 3.689). The Company has been registered in Turkey and operates under the laws and regulations of Turkish Commercial Codes.

The Company operates in Turkey in 294 stores with 165.867 square meters retail space as of 31 December 2013 (31 December 2012: 141.079 square meters, 283 stores). For the opened and closed stores after the balance sheet date, please refer to Note 28. The registered Office address of the company is as follows.

Batman Sokak Teknosa Plaza No:18
Sahrayıcedit - İstanbul

Subsidiary

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

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

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation of consolidated financial statements:

Statement of Compliance

The Company and its Turkish subsidiary maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

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/ Turkish Financial Reporting Standards ("TAS/ TFRS") and relating interpretations which became effective with the 5th Article of the Decree in consideration by Public Oversight Accounting and Auditing Standards Authority. TAS/ TFRS is updated through new decrees in order to achieve compliance with the changes in the International Financial Reporting Standards ("TFRS").

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

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation of consolidated financial statements (Continued)

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 (including companies adopting TAS/ TFRS) 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.

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 in line with the related changes. In the current period, the Group made some reclassifications for the conformity with the format issued by CMB on 7 June 2013. The details of the reclassifications are as follows:

- In 2012 the Group presented advances given amounting TRY 1.539 under other current assets. In the current year, the Group management reclassified this amount to "Non-current prepaid expenses".

- In 2012 the Group presented other receivables amounting TRY 584 under other non-current assets. In the current year, the Group management reclassified this amount to "Other non-current receivables".

- In 2012 the Group presented prepaid expenses amounting TRY 856 under other current assets. In the current year, the Group management reclassified this amount to "Other non-current prepaid expenses".

- In 2012 the Group presented income accruals from suppliers amounting TRY 10.955 under other current assets. In the current year, the Group management reclassified this amount to "Trade payables".

- In 2012 the Group presented advances given for inventories amounting TRY 5.295 under inventories. In the current year, the Group management reclassified this amount to "Prepaid expenses".

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation of consolidated financial statements (Continued)

Comparative information and restatement of the prior periods' financial statements (continued)

- In 2012 the Group presented prepaid expenses amounting TRY 8.600 and TRY 1.617 under other current and non-current assets. In the current year, the Group management reclassified this amount to "Prepaid expenses".

- In 2012 the Group presented expense accruals and provisions amounting TRY 923, TRY 1.475 and TRY 675 under expense accruals and other current liabilities. In the current year, the Group management reclassified these amounts to "Trade payables", "Other current provisions" and "Provisions related to employment benefits".

- In 2012 the Group presented provisions related to employment benefits amounting TRY 10.454 under other current liabilities. In the current year, the Group management reclassified these amounts to "Provisions related to employment benefits".

- In 2012 the Group presented payables related to employment benefits amounting TRY 8.056 under other current liabilities. In the current year, the Group management reclassified these amounts to "Payables related to employment benefits".

- In 2012 the Group presented deferred income amounting TRY 852 under other current liabilities. In the current year, the Group management reclassified these amounts to "Deferred income".

- In 2012 the Group presented advances received amounting TRY 17.687 under other current liabilities. In the current year, the Group management reclassified these amounts to "Deferred income".

- In 2012 the Group presented maturity difference income and expenses amounting to TRY 2.496 and TRY 14.252 under finance income and expenses. In the current year, the Group management reclassified these amounts to "Income/ expense from other operating income and expenses".

- In 2012 the Group presented income arising from credit card usage incentives amounting to TRY 3.669 under other income. In the current year, the Group management reclassified these amounts to "Sales revenues".

- In 2012 the Group presented income arising from insurance compensations and suppliers amounting to TRY 11.626 under other income. In the current year, the Group management offset these amounts to "Cost of sales".

- In 2012 the Group presented foreign exchange gains and losses amounting to TRY 4.949 and TRY 3.376 under finance income and expenses. In the current year, the Group management reclassified these amounts to "Other income and expenses".

Additionally, the Group reclassified reverse balances in trade receivables and payables to deferred income and trade receivables.

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

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation of consolidated financial statements (Continued)

Comparative information and restatement of the prior periods' financial statements (continued)

	As previously reported 31 December 2012	As restated 31 December 2012
Current Assets		
Trade receivables	32.764	44.187
Due from related parties	6.406	6.802
Due from third parties	26.358	37.385
Inventories	471.973	466.678
Prepaid expenses	-	13.895
Other current assets	23.769	1.819
Non current assets		
Other receivable	-	584
Prepaid expenses	-	4.012
Other non current assets	4.735	2.534
Current liabilities		
Trade payables	762.705	758.301
Due to related parties	2.547	2.943
Due to third parties	760.158	755.358
Payables related to employee benefits	-	8.056
Deferred revenue	-	24.334
Short term provisions	-	11.929
Provisions related to employee benefits	-	*10.454*
Other short term provisions	*8.646*	*1.475*
Other current liabilities	34.943	2.877
Non current liabilities		
Provisions for employment termination benefits	*1.438*	*2.113*

There is not impact of those reclassifications on the consolidated profit/loss statement.

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 the 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 to the accounting estimates in the current year.

2.4 Adoption of New and Revised Standards and Interpretations

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

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported and disclosures in these financial statements.

Amendments to TAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to TAS 1 *Presentation of Items of Other Comprehensive Income* is effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to TAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to TAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to TAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments can be applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to TAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Adoption of New and Revised Standards and Interpretations (Continued)

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

TAS 19 *Employee Benefits*

The amendments to TAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of TAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of TAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to TAS 19 require retrospective application. In the attached consolidated financial statements the changes in TAS 19 has been applied retrospectively.

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including TFRS 10, TFRS 11, TFRS 12, TAS 27 (as revised in 2011) and TAS 28 (as revised in 2011).

Key requirements of these five Standards are described below:

TFRS 10 replaces the parts of TAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-12 *Consolidation - Special Purpose Entities* will be withdrawn upon the effective date of TFRS 10. Under TFRS 10, there is only one basis for consolidation, that is, control. In addition, TFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return Extensive guidance has been added in TFRS 10 to deal with complex scenarios.

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Adoption of New and Revised Standards and Interpretations (Continued)

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

TFRS 11 replaces TAS 31 *Interests in Joint Ventures*. TFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of TFRS 11. Under TFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under TAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under TFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under TAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

TFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in TFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to TFRS 10, TFRS 11 and TFRS 12 were issued to clarify certain transitional guidance on the application of these TFRSs for the first time. The implement of these five standards had no significant effect on the amounts reported on the consolidated financial statements.

TFRS 13 *Fair Value Measurement*

TFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of TFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in TFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under TFRS 7 *Financial Instruments: Disclosures* will be extended by TFRS 13 to cover all assets and liabilities within its scope.

The implementation of these five standards had no significant effect on the amounts reported on the consolidated financial statements.

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Adoption of New and Revised Standards and Interpretations (Continued)

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

Amendments to TAS 1 *Presentation of Financial Statements*
(as part of the *Annual Improvements to TFRSs 2009-2011 Cycle* issued in May 2012)

The amendments to TAS 1 as part of the *Annual Improvements to TFRSs 2009-2011 Cycle* are effective for the annual periods beginning on or after 1 January 2013.

TAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to TAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

Amendments to TFRS 7 *Offsetting Financial Assets and Financial Liabilities and the related disclosures*

The amendments to TFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

***Annual Improvements to TFRSs 2009 - 2011 Cycle* issued in May 2012**

- Amendments to TAS 16 *Property, Plant and Equipment*;
- Amendments to TAS 32 *Financial Instruments: Presentation;* and
- Amendments to TAS 34 *Interim Financial Reporting*

Amendments to TAS 16

The amendments to TAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in TAS 16 and as inventory otherwise. The Group management does not anticipate that the amendments to TAS 16 will have a significant effect on the Group's consolidated financial statements.

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

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Adoption of New and Revised Standards and Interpretations (Continued)

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

Amendments to TAS 32

The amendments to TAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with TAS 12 Income Taxes. The amendments to TAS 32 did not have a significant effect on the Group's consolidated financial statements

Amendments to TAS 34

The amendments to TAS 34 clarify that disclosure of the total assets and total liabilities for a particular reportable segment is only required if a measure of total assets or total liabilities (or both) is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The amendments to TAS 34 did not have an effect on the Group's consolidated financial statements.

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

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

TFRS 9	*Financial Instruments*[2]
Amendments to TFRS 9 and TFRS 7	*Mandatory Effective Date of TFRS 9 and Transition Disclosures*[2]
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]
IFRIC 21	*Levies*[1]

[1] Effective for annual periods beginning on or after 1 January 2014.
[2] Effective for annual periods beginning on or after 1 January 2015.

NOTE 2 – STANDARDS RELATING TO THE 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 (Note 5).

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. Collection risk due from the credit card sales of the Group belongs to the bank, the risk of doubtful trade receivables due from the credit card slip receivables limited within the financial condition and the risk of bank. 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 following day when the sale made within the scope of the credit card sales contracts made under the various banks and financial institutions.

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 – STANDARDS RELATING TO THE 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. 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 (Note 8).

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.

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 (Notes 11). The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (continued)

	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.

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.

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (continued)

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 liabilities and contingent assets

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

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated balance sheets and are disclosed as contingent assets or liabilities.

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.

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (continued)

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.

Taxes on income

Taxes on income for the period comprise of current tax and the change in deferred taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the balance sheet date and adjustments provided for the previous years' income tax liabilities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized (Note 23).

Provision for employment termination benefits

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 (Note 13).

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (continued)

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.

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 income.

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.

NOTE 2 – STANDARDS RELATING TO THE 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 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.

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).

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (continued)

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.

Subsequent events

The Group adjusts the amounts recognized in the consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 27).

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments used in applying 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 222 of impairment reversal as of 31 December 2013 (31 December 2012: TRY 4.250)

NOTE 2 – STANDARDS RELATING TO THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments used in applying Group's accounting policies

Inventory obsolescence (NRV)

As part of the accounting policy, inventories are presented with their net realiazable values. The Group values its inventories with a sales price lower than the cost with the lower of net realiazable value of cost. NRV report is calculated by making a comparison between the month end cost value and sales price.

Inventories which have a low sales performance are provided for based on the previous periods sales.

For the white products group the slow moving provision is calculated based on the aging of items (over 180 days) and for the other products over 90 days.

Income accruals

The Group has various lawsuits as at 31 December 2013 for the previous years' air conditionar imports as a result of the investigation performed by Customs Consultancy Inspector in 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 2013 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 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. These sales are also reviewed by dealers and stores. Some assets and liabilities are not allocated to segments as they are managed centrally. The Group's holding company results are included in the total assets reconciliation.

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

NOTE 3 – SEGMENT REPORTING (Continued)

The details of the segment reporting are as follows:

	1 January - 31 December 2013		
	Retailer	Dealer	Total
Total section 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	**120.881**	**12.121**	**133.002**
Depreciation and amortization	(28.729)	(325)	(29.054)
Taxation on income	(11.008)	(2.765)	(13.773)

	1 January - 31 December 2012		
	Retailer	Dealer	Total
Total section income	2.216.361	117.015	2.333.376
Income from third party customers	**2.216.361**	**117.015**	**2.333.376**
Profit before interest, severance pay, depreciation and amortization	**101.396**	**17.268**	**118.664**
Depreciation and amortization	(24.004)	(438)	(24.442)
Taxation on income	(10.797)	(3.420)	(14.217)

In 2013, the Group management revised segment reporting and decided not to follow balance sheet items according to business units. Therefore, the related information is not presented in the current year.

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

NOTE 3 – SEGMENT REPORTING (Continued)

Reconciliation of EBITDA with profit and loss

	1 January- 31 December 2013	1 January- 31 December 2012
EBITDA for reportable segment information	**133.002**	**118.664**
Depreciation	(29.054)	(24.442)
Financial expenses	(17.208)	(15.340)
Investment income	8.597	7.534
Other expenses - net	(21.470)	(19.374)
Provision for employee termination benefits	(3.379)	(2.290)
Profit before tax	**70.488**	**64.752**

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

NOTE 4 – RELATED PARTY TRANSACTIONS

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.

	31 December 2013	
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Akbank T.A.Ş.	16	-
Avivasa Emeklilik ve Hayat A.Ş.	145	-
Akçansa Çimento San. ve Tic. A.Ş.	13	-
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	42	(45)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	173	-
Sabancı Üniversitesi	1	-
Enerjisa Enerji A.Ş. ve iştirakleri	-	(462)
Aksigorta A.Ş.	3	(42)
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)

	31 December 2012	
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Akbank T.A.Ş.	6.269	-
Enerjisa Toptan Satış	-	(523)
Vista Turizm ve Seyahat A.Ş.	-	(155)
Yönetim Sistemleri A.Ş.	-	(1.761)
Diğer	533	(504)
	6.802	(2.943)

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

NOTE 4 – RELATED PARTY TRANSACTIONS (Continued)

Deposit accounts in Akbank T.A.Ş.	31 December 2013	31 December 2012
Demand deposit	20	603
Time deposit	318.140	353.197
	318.160	353.800

	1 January - 31 December 2013		
Transactions with related parties	Sales	Rent expense	Other income/(expense)
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 A.Ş.	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 iştirakleri	6	-	(6.066)
Temsa Global Sanayi ve Ticaret A.Ş.	2	-	-
Vista Turizm ve Seyahat A.Ş.	1	-	(2.155)
Diğer	-	-	2.380
	4.303	(4.770)	(6.506)

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

NOTE 4 – RELATED PARTY TRANSACTIONS (Continued)

	1 January - 31 December 2012		
Transactions with related parties	Sales	Rent expense	Other income/(expense)
Akbank T.A.Ş.	4.877	-	-
Akçansa Çimento San. ve Tic. A.Ş.	-	-	-
Aksigorta A.Ş.	554	-	(2.419)
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş.	-	-	(5.423)
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	-	-	(3.118)
Dia Sabancı Süpermarketleri Ticaret A.Ş.	123	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.	-	-	-
Carrefoursa Carrefour Sabancı Tic. Mer. A.Ş.	-	(2.486)	(1.375)
H.Ö. Sabancı Holding	-	-	-
Philip Morris Sabancı Pazarlama Satış A.Ş.	54	-	-
Vista Turizm ve Seyahat A.Ş.	-	-	(2.734)
Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş.	-	-	(133)
Avivasa Emeklilik ve Hayat A.Ş.	-	-	(128)
Diğer	720	(42)	(218)
	6.328	(2.528)	(15.548)

Renumerations of key management personnel for the years ended 31 December 2013 and 2012:

	31 December 2013	31 December 2012
Salaries and other benefits	6.944	4.537
	6.944	4.537

(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 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Cash	958	1.043
Demand deposit	1.084	970
Time deposit	318.140	353.197
	320.182	355.210

As of 31 December 2013, the Group's time deposits are denominated only as Turkish Liras with the average interest rate of 9,59% (31 December 2012: 9,19%).

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

The details of trade receivables as of 31 December 2013 and 2012 are as follows:

Current trade receivables	31 December 2013	31 December 2012
Trade receivables	29.053	24.910
Due from related parties (Note 4)	393	6.802
Notes receivables	10.127	13.399
Allowance for doubtfull receivables (-)	(209)	(924)
	39.364	44.187

As of 31 December 2013, TRY 14.285 amount of trade receivables consist of receivables from credit card slips (31 December 2012: TRY 11.754).

As of 31 December 2013 and 2012, the Group has hold the below given guarantees for its checks and notes (except receivables from credit card slips).

	31 December 2013	31 December 2012
Letters of guarantees received	6.862	6.937
Cash deposits and guarantees	721	590
Mortgages	4.504	5.880
	12.087	13.407

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

NOTE 6 – TRADE RECEIVABLES AND PAYABLES (Continued)

Current trade payables	31 December 2013	31 December 2012
Trade payables	735.660	754.435
Trade payables to related parties (Note 4)	1.905	2.943
Expense accruals	665	923
	738.230	758.301

As of 31 December 2013, income accruals related to suppliers in the amount of TRY 13.096 were net off its trade payables (31 December 2012: TRY 10.955).

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

The Group's other receivables and payables are comprised only of deposits and guarantees given and received.

	31 December 2013	31 December 2012
Deposits and guarantees given	640	584
	640	584

	31 December 2013	31 December 2012
Deposits and guarantess received	722	590
	722	590

NOTE 8 - INVENTORIES

The details of the inventories as of 31 December 2013 and 2012 are presented below:

	31 December 2013	31 December 2012
Trade goods	511.362	468.414
Goods in transit	3.512	721
Less: Provision of impairment on inventories	(3.185)	(2.457)
	511.689	466.678

Movement of provision of impairment on inventories	1 January- 31 December 2013	1 January- 31 December 2012
Opening balance at 1 January	(2.457)	(2.091)
Charge for the year	(1.197)	(861)
Provisions released	469	495
Closing balance at 31 December	(3.185)	(2.457)

(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 2013 and 2012 are presented below:

Current period prepaid expenses	31 December 2013	31 December 2012
Order advances given for inventory purchase	10.780	5.295
Short term prepaid expenses	13.026	8.600
	23.806	13.895

Non-current period prepaid expenses	31 December 2013	31 December 2012
Order advances given for fixed asset purchase	-	1.539
Long term prepaid expenses	905	2.473
	905	4.012

The details of the deferred revenue as of 31 December 2013 and 2012 are presented below:

Short term deferred revenue	31 December 2013	31 December 2012
Order advances received	24.245	23.482
Other	141	852
	24.386	24.334

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

NOTE 10 – INVESTMENT PROPERTY

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

	Land	Property	Total
Cost Value			
Opening balance as of 1 January 2013	2.775	8.811	11.586
Purchases	-	-	-
Ending balance as of 31 December 2013	2.775	8.811	11.586
Accumulated Depreciation			
Opening balance as of 1 January 2013	-	(462)	(462)
Charge for the year	-	(189)	(189)
Ending balance as of 31 December 2013	-	(651)	(651)
Carrying value as of 31 December 2013	2.775	8.160	10.935

	Land	Property	Total
Cost Value			
Opening balance as of 1 January 2012	2.775	8.811	11.586
Purchases	-	-	-
Ending balance as of 31 December 2012	2.775	8.811	11.586
Accumulated Depreciation			
Opening balance as of 1 January 2012	-	(345)	(345)
Charge for the year	-	(117)	(117)
Ending balance as of 31 December 2012	-	(462)	(462)
Carrying value as of 31 December 2012	2.775	8.349	11.124

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to TRY 442 (2012: TRY 355). Direct operating expenses arising on the investment property in the period include maintenance and repair costs which amounted to TRY 328 (2012: TRY 307). Operating expenses which are not belonged to Teknosa store are distributed to lessees.

The fair value of the Group's investment property as at 31 December 2013 and 31 December 2012 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.

(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 2013 is as below:

Cost value	Land	Building	Machinery and equipments	Vehicles	Furniture and fixtures	Leasehold improvements	Construction on progress	Total
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	14.589	23.443	49.740
Disposals	-	-	(37)	-	(5.140)	(2.845)	-	(8.022)
Transfer from construction on progress (*)	-	-	-	-	5.249	14.725	(22.644)	(2.670)
Closing balance at 31 December 2013	3.444	6.310	449	86	76.732	109.516	3.349	199.886
Accumulated depreciation								
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
Reversal of impairments	-	-	1	-	199	22	-	222
Closing balance at 31 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	65.324	3.349	113.591

(*) The investment amounting TRY 2.671 has been made for intangible assets as of 31 December 2013.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENTS (Continued)

The movement of tangible assets and related accumulated depreciation as of 31 December 2012 is as below:

	Land	Building	Machinery and equipments	Vehicles	Furniture and fixtures	Leasehold improvements	Construction on progress	Total
Cost value								
Opening balance at 1 January 2012	3.583	6.198	657	683	68.595	66.734	2.032	148.482
Additions	-	-	-	4	8.364	8.567	20.169	37.104
Disposals	-	-	(341)	(610)	(15.254)	(6.042)	(113)	(22.360)
Impairment	-	-	-	-	-	-	-	-
Transfer from construction on progress (*)	(139)	19	-	-	3.482	13.788	(19.538)	(2.388)
Closing balance at 31 December 2012	3.444	6.217	316	77	65.187	83.047	2.550	160.838
Accumulated depreciation								
Opening balance at 1 January 2012	-	(551)	(407)	(668)	(40.691)	(27.484)	-	(69.801)
Current charge	-	(112)	(21)	(6)	(9.969)	(10.317)	-	(20.425)
Disposals	-	-	147	610	14.641	3.143	-	18.541
Reversal of impairments	-	-	6	-	1.057	3.177	-	4.240
Transfer from construction on progress (*)	-	381	-	-	94	(381)	-	94
Closing balance at 31 December 2012	-	(282)	(275)	(64)	(34.868)	(31.862)	-	(67.351)
Net book value at 31 December 2012	3.444	5.935	41	13	30.319	51.185	2.550	93.487

(*) The investment amounting TRY 2.388 has been made for intangible assets as of 31 December 2012.

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

NOTE 12 – INTANGIBLE ASSETS

The movement of intangible assets and related accumulated depreciation as of 31 December 2013 and 2012 is as below:

Cost Value	Patents	Computer software	Total
Opening balance as of 1 January 2013	7.853	15.616	23.469
Additions	476	5.998	6.474
Disposals	-	(1)	(1)
Transfers from constructions in progress	304	2.367	2.671
Closing balance as of 31 December 2013	8.633	23.980	32.613
Accumulated Amortization			
Opening balance as of 1 January 2013	(1.986)	(11.476)	(13.462)
Charge of the year	(472)	(3.335)	(3.807)
Disposals	-	1	1
Closing balance as of 31 December 2013	(2.458)	(14.810)	(17.268)
Carrying value as of 31 December 2013	6.175	9.170	15.345

Cost Value	Patents	Computer software	Total
Opening balance as of 1 January 2012	6.845	12.338	19.183
Additions	1.622	2.896	4.518
Disposals	(2.050)	(624)	(2.674)
Impairment during the period (-)	8	46	54
Transfers from constructions in progress	1.428	960	2.388
Closing balance as of 31 December 2012	7.853	15.616	23.469
Accumulated Amortization			
Opening balance as of 1 January 2012	(3.453)	(9.602)	(13.055)
Charge of the year	(523)	(2.067)	(2.590)
Disposals	1.990	331	2.321
Transfers from constructions in progress	-	(94)	(94)
Impairment during the period (-)	-	(44)	(44)
Closing balance as of 31 December 2012	(1.986)	(11.476)	(13.462)
Carrying value as of 31 December 2012	5.867	4.140	10.007

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

NOTE 13 – PAYABLES RELATED TO BENEFITS PROVIDED TO EMPLOYEES

The details of the due to employees as of 31 December 2013 and 2012 are presented below:

	31 December 2013	31 December 2012
Accrued salaries	32	-
Social security premiums payable	8.965	8.056
	8.997	8.056

The details of the provisions related to employee benefits as of 31 December 2013 and 2012 are presented below:

Short-term provisions	31 December 2013	31 December 2012
Salesman premium provision	2.828	4.467
Unused vacation provision	1.883	1.599
Administrative premium provision	1.737	4.388
	6.448	10.454

Long-term provisions	31 December 2013	31 Aralık 2012
Retirement pay provision	2.408	1.438
Administrative premium provision	1.019	675
	3.427	2.113

Retirement pay provision:

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 TL 3.254,44 (2012: TL 3.033,98) for each period of service at 31 December 2013.

There are no agreements for pension commitments other than the legal requirement as explained above. In addition, the liability is not funded, as there is no funding requirement.

The provisions for employment termination benefits of the Group, since the employment termination benefit ceiling is rearranged every six months, is calculated over TL 3.438,22 that is effective commencing on 1 January 2014 (1 January 2013: TL 3.129,25). The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 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:

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

NOTE 13 – PAYABLES RELATED TO BENEFITS PROVIDED TO EMPLOYEES (Continued)

Retirement pay provision (continued):

	31 December 2013	31 December 2012
Discount rate	2 %	2 %
Turnover rate		
- *store personnel*	27,5 %	39 %
- *administrative personnel*	11 %	14 %

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 2013, 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 based on the following actuarial assumptions:

	31 December 2013	31 December 2012
Provision at 1 January	1.438	907
Service cost	3.077	2.141
Interest cost	32	34
Actuarial gain	260	115
Termination benefits paid	(2.399)	(1.759)
	2.408	1.438

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

If the discount rate had been 1% lower, provision for employee termination benefits would increase by TL 111 and 1% higher, provision for employee termination benefits would decrease by TL 92.

If the anticipated turnover rate had been 5% higher while all other variables were held constant, provision for employee termination benefits would increase by TL 1.004 and 5% lower, provision for employee termination benefits would decrease by TL 379.

NOTE 14 – PROVISIONS

The details of the other current provisions as of 31 December 2013 and 2012 are presented below:

	31 December 2013	31 December 2012
Litigation provisions	1.437	1.150
Other	219	325
	1.656	1.475

(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 2013	31 December 2012
Less than 1 year	57.403	99.734
Between 1-5 years	440.435	284.934
More than 5 years	134.656	101.938
	632.494	486.606

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 2013. As a result of these investigations, the Custom Consultancy Inspectors identifications caused 135 lawsuits amounting TRY 9.045 as a result of tax operations penalties. 117 of these 135 lawsuits amounting TRY 8.974 is still present.

TRY 4.108 resulted in the Company's favor and appealed for correction. However, the second wave of investigations amounting TRY 4.937 resulted partially in Company's favor, the part of amounting TRY 1.925 resulted in Company's favor whereas the part of amounting 3.012 TRY was lost. Lost causes have been appealed by the administrative board. The process is still going. 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 2013 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.

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

NOTE 15 – COMMITMENTS (Continued)

Collateral, pledge, mortgage position

Collaterals, pledges and mortgages ("CPM") given by the Group as of 31 December 2013 and 2012 is as follows:

CPMs given by the Group	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**

	31 December 2012			
	TRY equivalent	USD	Euro	TRY
A. GPM given on behalf of its own legal entity				
-Guarantee	97.111	6.090	8.027	67.378
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	97.111	6.090	8.027	67.378
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	**97.111**	**6.090**	**8.027**	**67.378**

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 2013 is 0% (31 December 2012: 0%).

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

NOTE 16 – OTHER CURRENT ASSETS AND LIABILITIES

The details of the other current and non-current assets as of 31 December 2013 and 2012 are presented below:

Other current assets	31 December 2013	31 December 2012
Advances given	1.556	783
Transferred VAT	3.626	950
Other current assets	448	86
	5.630	1.819

Other non-current assets	31 December 2013	31 December 2012
Income accrual (Note 15)	5.157	-
Evacuation fee	1.726	2.511
Other	-	23
	6.883	2.534

The details of the other current liabilities as of 31 December 2013 and 2012 are presented below:

Other current liabilities	31 December 2013	31 December 2012
VAT payable	10.575	157
Other accrual expenses (*)	3.597	1.828
Other liabilities	732	892
	14.904	2.877

(*) Other accrual expenses consists 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 2013	%	31 December 2012
Hacı Ömer Sabancı Holding A.Ş.	60,28	66.311	60,28	66.311
Sabancı ailesi	29,72	32.689	29,72	32.689
Halka açık	10,00	11.000	10,00	11.000
Nominal capital	100,0	110.000	100,0	110.000
Capital adjustment		6.628		6.628
Adjusted capital		116.628		116.628

Legal reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Details of the reserves are as follows:

	31 December 2013	31 December 2012
Legal reserves	758	758
	758	758

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

NOTE 18 – SALES AND COST OF SALES

The details sales and cost of sales as of 31 December 2013 and 2012 are stated below:

Sales income (net)	1 January – 31 December 2013	1 January – 31 December 2012
Consumer electronics retail sales	2.840.404	2.216.361
Sales of air conditioner, cash registers and white goods	116.870	117.015
	2.957.274	2.333.376

Cost of sales		
Cost of goods sold	(2.395.158)	(1.861.886)
Installation of warranty expenses of air conditioner, cash registers and white goods	(8.588)	(7.968)
	(2.403.746)	(1.869.854)

NOTE 19 – MARKETING AND ADMINISTRATIVE EXPENSES

The details of marketing expenses as of 31 December 2013 and 2012 are stated below:

Marketing expenses	1 January – 31 December 2013	1 January – 31 December 2012
Personnel expenses	(138.201)	(112.928)
Rent expenses	(134.739)	(111.836)
Advertising and promotion expenses	(46.148)	(34.167)
Depreciation expenses	(24.838)	(19.826)
Transportation expenses	(23.272)	(18.117)
Energy, fuel and water expenses	(14.422)	(11.399)
Consulting expenses	(12.396)	(10.392)
Maintenance expenses	(7.355)	(5.709)
Travel expenses	(1.341)	(1.290)
Communication expenses	(1.482)	(1.205)
Other expenses	(15.049)	(12.600)
	(419.243)	(339.469)

(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 2013 and 2012 are stated below:

Administrative expenses	1 January – 31 December 2013	1 January – 31 December 2012
Personnel expenses	(16.299)	(17.217)
IT expenses	(4.579)	(3.903)
Depreciation and amortization expenses	(4.216)	(3.306)
Rent expenses	(3.210)	(2.929)
Consulting expenses	(2.019)	(1.853)
Travel expenses	(650)	(551)
Energy, fuel and water expenses	(557)	(513)
Maintenance expenses	(173)	(177)
Other expenses	(2.013)	(1.672)
	(33.716)	(32.121)

NOTE 20 – OTHER INCOME AND EXPENSE

The details of other income as of 31 December 2013 and 2012 are stated below:

	1 January – 31 December 2013	1 January – 31 December 2012
Foreign exchange gains	6.985	2.777
Discount income	4.799	4.949
Gains from store evacuation and subleases	924	3.201
Gains from rental of stands in stores	665	970
Deductions from personnel	588	588
Gains from unused gift cheques	426	1.031
Gains on sale of assets	-	3.203
Other income	4.698	3.082
	19.085	19.801

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

NOTE 20 – OTHER INCOME AND EXPENSE (Continued)

The details of other expense as of 31 December 2013 and 2012 are stated below:

	1 January – 31 December 2013	1 January – 31 December 2012
Discount expenses	(28.109)	(30.598)
Foreign exchange losses	(4.321)	(3.376)
Loss from sale of tangible asset	(2.043)	-
Donation and aid	(1.000)	(20)
Litigation expenses	(967)	(1.335)
Commission expenses	(559)	-
Taxes, duties, charges and funds	(46)	(481)
Other expenses	(3.510)	(3.365)
	(40.555)	(39.175)

NOTE 21 – INVESTMENT INCOME

The details of financial income as of 31 December 2013 and 2012 are stated below:

	1 January – 31 December 2013	1 January – 31 December 2012
Interest income	8.597	7.534
	8.597	7.534

NOTE 22 – FINANCIAL EXPENSE

The details of financial expense as of 31 December 2013 and 2012 are stated below:

	1 January – 31 December 2013	1 January – 31 December 2012
Credit card commission expenses	(16.810)	(15.049)
Guarantee letters commission expenses	(230)	(167)
Interest and commission expenses	(35)	(12)
Other finance expenses	(133)	(112)
	(17.208)	(15.340)

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

NOTE 23 – TAXATION ON INCOME

Current tax liability	31 December 2013	31 December 2012
Current corporate tax provision	17.655	13.076
Less: prepaid taxes and funds	(12.990)	(7.723)
	4.665	5.353

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 2013 is 20% (2012: 20%) for the Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2013 is 20%. (2012: 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.

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

For calculation of deferred tax asset and liabilities, the rate of 20% (2012: 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.

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

NOTE 23 – TAXATION ON INCOME (Continued)

Deferred tax assets / (liabilities)	31 December 2013	31 December 2012
Reversal of income accruals arising from additional guarantees	5.376	2.348
Tax losses carried forward	3.253	-
Expense accruals	2.928	5.782
Inventories	1.791	1.935
Impairment of financial assets	1.322	1.322
Provision for employment termination benefits	481	288
Discount expenses	72	76
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	(6.179)	(5.027)
Income accruals	(1.341)	(2.688)
Discount income	(632)	(537)
Other	138	(223)
	7.209	3.276

At the balance sheet date, the Group has unused tax losses of TRY 16.265 (2012: None.) available for offset against future profits. A deferred tax asset has been recognized in respect of TRY 3.253 (2012: TL None.) of such losses.

Expiration schedule of carry forward tax losses is as follows:

	31 December 2013	31 December 2012
Expiring in 2014	-	8
Expiring in 2015	223	223
Expiring in 2016	291	291
Expiring in 2017	4.414	4.414
Expiring in 2018	11.337	-
	16.265	4.936

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

NOTE 23 – TAXATION ON INCOME (Continued)

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

	1 January – 31 December 2013	1 January – 31 December 2012
Profit from continuing operations	70.488	64.752
Tax at the domestic income tax rate of 20% (2012: 20%)	%20	%20
Calculated tax	(14.098)	(12.950)
Tax effects of:		
- expenses that are not deductible in determining taxable profit	(1.397)	(436)
- revenue that is exempt from taxation	522	-
- unused tax losses and tax offsets not recognised as deferred tax assets	-	(987)
- previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets	987	-
- other	213	156
Income tax expense recognised in profit or loss	(13.773)	(14.217)

NOTE 24 – EARNINGS 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:

	1 January – 31 December 2013	1 January – 31 December 2012
Weighted average number of ordinary shares outstanding during the period (in full)	110.000.000	110.000.000
Net profit for the year attributable to owners of the company/Group	56.715	50.535
Basic earnings per share from continuing operations	0,5156	0,4594

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.

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.

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

NOTE 25 – FINANCIAL INSTRUMENTS

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 2013, The Group has not any private sector bonds which are quoted in "interbank bond market" (2012: TRY 3.009). 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".

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 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Total borrowings	-	-
Less: cash and cash equivalents	(320.182)	(355:210)
Net debt	(320.182)	(355.210)
Total equity	252.744	196.237
Total capital	(67.438)	(158.973)
Gearing ratio	4,75	2,23

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

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).

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

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 2013 is as follows:

	Trade Receivables		
31 December 2013	**Related Party**	**Other**	**Deposits at banks**
The maximum credit risk exposure as of reporting date (*)	393	17.225	319.224
- Collateralised part of maximum credit risk (**)	-	11.366	-
A. Net carrying value of neither overdue nor impaired financial assets	393	15.496	-
B.Net carrying value of overdue but not impaired assets	-	1.728	-
C. Net carrying value of impaired assets			
- Overdue (gross carrying value)	-	209	-
- Provision for impairment (-)	-	(209)	-
- Amount of risk covered by guarantees	-	-	-

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

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 2012 is as follows:

	Trade Receivables		
31 December 2012	**Related Party**	**Other**	**Deposits at banks**
The maximum credit risk exposure as of reporting date (*)	1.750	19.225	354.167
- Collateralised part of maximum credit risk (**)	-	12.817	-
A. Net carrying value of neither overdue nor impaired financial assets	1.750	18.068	354.167
B.Net carrying value of overdue but not impaired assets	-	1.157	-
C. Net carrying value of impaired assets			
- Overdue (gross carrying value)	-	924	-
- Provision for impairment (-)	-	(924)	-
- Amount of risk covered by guarantees	-	-	-

(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 1.211.034 that the Group can utilize whenever needed (2012: TRY 854.185).

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

	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	**738.230**	**741.369**	**741.369**	-	-
Related party	*1.905*	*1.905*	*1.905*	-	-
Third party	*736.325*	*739.464*	*739.464*	-	-
Other payables	**722**	**722**	**722**	-	-
Other	*722*	*722*	*722*	-	-
Total liabilities	**738.952**	**742.091**	**742.091**	-	-

(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)

	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	**758.301**	**760.286**	**760.286**	**-**	**-**
Related party	*2.943*	*2.943*	*2.943*	-	-
Third party	*755.358*	*757.343*	*757.343*	-	-
Other payables	**590**	**590**	**590**	**-**	**-**
Other	*590*	*590*	*590*	-	-
Total liabilities	**758.891**	**760.876**	**760.876**	**-**	**-**

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.

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

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

Foreing 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	-	-	-	-	-
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	-	-	-	-	-

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

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

Foreing Currency Position	31 December 2012				
	Equivalents of TRY	USD	Euro	GBP	Other
1. Trade receivable	1.940	1.019	52	-	2
2a. Monetary Financial Assets	6.555	3.651	17	-	7
2b. Non Monetary Financial Assets	-	-	-	-	-
3. Other	58	31	1	-	-
4. CURRENT ASSETS	8.553	4.701	70	-	9
5. Trade Receviables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non Monetary Financial Assets	-	-	-	-	-
7. Other	237	133	-	-	-
8. NON CURRENT ASSETS	237	133	-	-	-
9. TOTAL ASSETS	8.790	4.834	70	-	9
10. Trade payables	12.547	5.985	799	-	-
11. Financial liabilities	-	-	-	-	-
12a. Other monetary liabilities	-	-	-	-	-
12b. Non Monetary Other Liabilities	-	-	-	-	-
13. CURRENT LIABILITIES	12.547	5.985	799	-	-
14. Trade payables	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-
16b. Non Monetary Other Liabilities	-	-	-	-	-
17. NON CURRENT LIABILITIES	-	-	-	-	-
18. TOTAL LIABILITIES	12.547	5.985	799	-	-
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)	(3.757)	(1.151)	(729)	-	9
21. Monetary items net foreign currency assets/(liabilities) position (1+2a+5+6a-10-11-12a-14-15-16a)	(4.052)	(1.315)	(730)	-	9
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	-	-	-	-	-

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

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 2013**	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL		
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 TL		
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 TL		
1 - Other foreign currencies net assets/liabilities	1	(1)
8- Amount hedged for other foreigfn currencies risk (-)	-	-
9- Other foreign currencies net effect (7+8)	1	(1)
TOTAL (3 + 6 +9)	(77)	77

Foreign currency sensitivity table	**31 December 2012**	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL		
1 - USD Dollars net assets/liabilities	(234)	234
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1 +2)	(234)	234
In case 10% appreciation of EUR against TL		
4 - EUR net assets/liabilities	(172)	172
5 - Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	(172)	172
In case 10% appreciation of other foreign currencies against TL		
1 - Other foreign currencies net assets/liabilities	1	(1)
8- Amount hedged for other foreigfn currencies risk (-)	-	-
9- Other foreign currencies net effect (7+8)	1	(1)
TOTAL (3 + 6 +9)	(405)	405

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

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

Categories of financial instruments and fair values

31 December 2013	Loans and receivables	FVTPL	Financial liabilities at amortized costs	Carrying value	Note
Financial assets					
Cash and cash equivalents	320.182	-	-	320.182	5
Trade receivables (including related parties)	39.364	-	-	39.364	6
Financial liabilities					
Trade payables (including related parties)	-	-	738.230	738.230	6

31 December 2012	Loans and receivables	FVTPL	Financial liabilities at amortized costs	Carrying value	Note
Financial assets					
Cash and cash equivalents	355.210	-	-	355.210	5
Trade receivables (including related parties)	44.187	-	-	44.187	6
Financial liabilities					
Trade payables (including related parties)	-	-	758.301	758.301	6

NOTE 27 – EVENTS AFTER BALANCE SHEET DATE

Subsequent to the balance sheet date, the Group opened two new stores in Ankara and Tekirdağ. The retail sales area of the Group has increased by 566 meter squares through these new stores.

In addition, the Group has made some of changes in three stores located in Ankara, Yalova and Adapazarı with the intent of revision. The related changes increased the retail sales area of the Group by 332 meter squares.

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