TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Teknosa İç ve Dış Ticaret A.Ş. ("the Company") and its subsidiary (together will be referred as "the Group"), which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Teknosa İç ve Dış Ticaret A.Ş. and its subsidiary as at 31 December 2014, and of their financial performance and their cash flows for the year then ended in accordance with Turkish Accounting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2014 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

In accordance with paragraph four of the Article 398 of TCC, the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 16 February 2015.

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

Ömer Tanrıöver, SMMM
Partner

İstanbul, 16 February 2015

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

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

AUDITED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014

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

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

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

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

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

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

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

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

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

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

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

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

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

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

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

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

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

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

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

NOTE 1 – ORGANIZATIONS AND OPERATIONS OF THE GROUP

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

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

Batman Sokak Teknosa Plaza No:18
Sahrayıcedit - İstanbul

The Company’s shares have been traded in Borsa Istanbul (“BIST”) since 2012.

Subsidiary

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

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

Approval of financial statements

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TAS

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

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

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

2.1 Basis of Presentation (Continued)

Statement of Compliance with TAS (continued)

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

Presentation and Functional Currency

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

Preparation of Financial Statements in Hyperinflationary Periods

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

Comparative information and restatement of the prior periods' financial statements

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

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

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

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

2.2 Changes in Accounting Policies

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

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

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

2.3 Changes in Accounting Estimates and Errors

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

2.4 New and Revised Turkish Accounting Standards

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

None.

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

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

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

Amendments to TFRS 10, 11, TAS 27 Investment Entities

This amendment with the additional provisions of TFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to TAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to TAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

Amendments to TAS 36 Recoverable Amount Disclosures for Non-Financial Assets

As a consequence of TFRS 13 Fair Value Measurements, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 have been changed.

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

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

2.4 New and Revised Turkish Accounting Standards (Continued)

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

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

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

TFRS Interpretation 21 Levies

TFRS Interpretation 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

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

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

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

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

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

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

[1] Effective for annual periods beginning on or after 30 June 2014.
[2] Effective for annual periods beginning on or after 31 December 2015.

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

2.4 New and Revised Turkish Accounting Standards (Continued)

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

TFRS 9 Financial Instruments

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

On November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017. This revision has not been published by POA yet.

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

The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service.

Annual Improvements to 2010-2012 Cycle

TFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'

TFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

TFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

TFRS 13: Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

TAS 16 and TAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

TAS 24: Clarify how payments to entities providing management services are to be disclosed.

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

2.4 New and Revised Turkish Accounting Standards (Continued)

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

Annual Improvements to 2011-2013 Cycle

TFRS 3: Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

TFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

TAS 40: Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

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

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

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

2.5 Summary of Significant Accounting Policies

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

Cash and cash equivalents

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents (continued)

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

Related parties

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

Trade receivables

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

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write down, the release of the provision is credited to other income.

Inventories and cost of goods sold

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Inventories and cost of goods sold (continued)

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

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

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

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

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

Investment property

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

Property, plant and equipment and depreciation

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

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

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

2.5 Summary of Significant Accounting Policies (Continued)

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.

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.

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

2.5 Summary of Significant Accounting Policies (Continued)

Provisions, contingent assets and contingent liabilities

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

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

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

Statement of cash flows

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

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

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

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

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

Borrowings

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Taxation on income

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

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

Current tax

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

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

2.5 Summary of Significant Accounting Policies (Continued)

Taxation on income (continued)

Deferred tax (continued)

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

Current and deferred tax for the period

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

Provision for employment termination benefits

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

Provision for employment termination benefits represents the present value of the estimated total provision of the future probable obligation of the Group arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. All calculated actuarial gains and losses are accounted for under other comprehensive income (Note 13).

Earnings per share

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

Foreign currency transactions and balances

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

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

2.5 Summary of Significant Accounting Policies (Continued)

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.

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.

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

2.5 Summary of Significant Accounting Policies (Continued)

Business combinations (continued)

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

Segment reporting

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

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

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

Share capital and dividends

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

Offsetting

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

Events after the reporting period

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

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

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

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

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

Useful life of tangible and intangible assets

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

Impairment of tangible and intangible assets

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

Decrease in value of stocks (NRV)

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

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

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

Income Accruals

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

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

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

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

Deferred Tax Assets

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

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

NOTE 3 – SEGMENT REPORTING

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

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

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

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

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

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

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

NOTE 3 – SEGMENT REPORTING (Continued)

Reconciliation of EBITDA with profit before taxes:

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

NOTE 4 – RELATED PARTY DISCLOSURES

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

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

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

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

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

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

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

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

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

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

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

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

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

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

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

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

NOTE 5 – CASH AND CASH EQUIVALENTS

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

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

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

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

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

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

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

NOTE 6 – TRADE RECEIVABLES AND PAYABLES (Continued)

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

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

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

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

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

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

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

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

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

NOTE 8 - INVENTORIES

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

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

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

NOTE 9 – PREPAID EXPENSES AND DEFERRED REVENUE

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

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

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

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

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

(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:

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

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

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

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

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

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENTS

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

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

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

(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 2013 is as below:

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

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

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENTS (Continued)

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

NOTE 12 – INTANGIBLE ASSETS

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

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

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

NOTE 12 – INTANGIBLE ASSETS (Continued)

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

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

NOTE 13 – PAYABLES RELATED TO EMPLOYEE BENEFITS

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

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

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

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

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

NOTE 13 – PAYABLES RELATED TO EMPLOYEE BENEFITS (Continued)

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

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY 3.541,37 (2013: TRY 3.438,22) for each period of service at 31 December 2014.

Retirement pay liability is not subject to any kind of funding legally. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2014, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3,30% real discount rate (31 December 2013: 2%) calculated by using 6% annual inflation rate and 9,5% interest rate. Estimated amount of retirement pay not paid due to voluntary leaves and retained in the Company is also taken into consideration as 92,50% (31 December 2013: 72,5% and 89%). Ceiling for retirement pay is revised semi-annually. Ceiling amount of TRY 3.541,37 which is in effect since 1 January 2015 is used in the calculation of Group's provision for retirement pay liability.

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

NOTE 13 – PAYABLES RELATED TO EMPLOYEE BENEFITS (Continued)

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

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

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

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

NOTE 14 – PROVISIONS

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

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

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

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

NOTE 15 – COMMITMENTS

Operating lease agreements

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

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

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

Custom duty and penalty

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

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

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

(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 2014 and 2013 is as follows:

CPMs given by the Group	31 December 2014			
	TRY equivalent	USD	Euro	TRY
A. GPM given on behalf of its own legal entity				
-Guarantee	36.167	2.995	5.117	14.788
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	36.167	2.995	5.117	14.788
B. GPM given on behalf of subsidiaires that are included in full consolidation				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	-	-	-	-
C. GPM given in order to guarantee third parties' debt for routine trade operations	-	-	-	-
D. Total amount of other GPM given	-	-	-	-
Total	**36.167**	**2.995**	**5.117**	**14.788**
	31 December 2013			
	TRY equivalent	USD	Euro	TRY
A. GPM given on behalf of its own legal entity				
-Guarantee	54.428	6.810	12.506	3.170
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	54.428	6.810	12.506	3.170
B. GPM given on behalf of subsidiaires that are included in full consolidation				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	-	-	-	-
C. GPM given in order to guarantee third parties' debt for routine trade operations	-	-	-	-
D. Total amount of other GPM given	-	-	-	-
Total	**54.428**	**6.810**	**12.506**	**3.170**

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

(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 2014 and 2013 are presented below:

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

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

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

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

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

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

NOTE 17 – EQUITY

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

Restricted Reserves

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

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

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

Profit Distribution

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

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

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

NOTE 18 – REVENUE

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

Sales income (net)	1 January – 31 December 2014	1 January – 31 December 2013
Consumer electronics retail sales	2.921.801	2.840.404
Sales of air conditioner, cash registers and white goods	94.637	116.870
	3.016.438	2.957.274
Cost of sales		
Cost of goods sold	(2.460.385)	(2.395.158)
Installation and warranty expenses	(5.166)	(8.588)
	(2.465.551)	(2.403.746)

NOTE 19 – MARKETING AND ADMINISTRATIVE EXPENSES

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

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

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

NOTE 19 – MARKETING AND ADMINISTRATIVE EXPENSES (Continued)

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

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

NOTE 20 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

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

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

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

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

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

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

NOTE 21 – INCOME FROM INVESTING ACTIVITIES

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

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

NOTE 22 – FINANCIAL EXPENSES

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

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

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

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

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

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

Corporate Tax

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

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2014 is 20% (2013: 20%) for the Group.

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

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

Deferred Tax:

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

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

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

Deferred Tax (continued):

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

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

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

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

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

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

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

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

Deferred Tax (continued):

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

Expiration schedule of carried forward tax losses is as follows:

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

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

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

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

NOTE 24 – EARNINGS / LOSS PER SHARE

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

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

NOTE 25 – FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying value.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks are considered to approximate their respective carrying values due to their short-term nature.

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

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 (Continued)

Fair value estimation

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

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

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

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

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

NOTE 26 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Capital risk management

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

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

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 2014 is as follows:

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

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

(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 2013 is as follows:

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

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

(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)

Explanations on the credit quality of financial assets

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

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

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

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

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

b.2) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims at maintaining flexibility in funding by keeping committed credit lines available. The Group management monitors the Group's liquidity reserve movements according to their projected cash flows.

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

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

31 December 2014

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

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

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

b.2) Liquidity risk (continued)

31 December 2013

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

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)

Foreign Currency Position	**31 December 2014**				
	Equivalents of TRY	**USD**	**Euro**	**GBP**	**Other**
1. Trade receivable	3.233	1.183	173	-	109
2a. Monetary financial assets	1.195	507	7	-	-
2b. Non monetary financial assets	-	-	-	-	-
3. Other	24	9	1	-	-
4. CURRENT ASSETS	4.452	1.699	181	-	109
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	4.452	1.699	181	-	109
10. Trade payables	6.941	1.408	1.302	1	-
11. Financial liabilities	-	-	-	-	-
12a. Other monetary liabilities	1.822	338	368	-	-
12b. Non monetary other liabilities	-	-	-	-	-
13. CURRENT LIABILITIES	8.763	1.746	1.670	1	-
14. Trade payables	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non monetary other liabilities	-	-	-	-	-
17. NON CURRENT LIABILITIES	-	-	-	-	-
18. TOTAL LIABILITIES	8.763	1.746	1.670	1	-
19. Net assets / liability position of off-balance derivative instruments (19a-19b)	-	-	-	-	-
19.a Derivative instrument amounts of off-balance items with asset qualifications per foreign currency	-	-	-	-	-
19b. Derivative instrument amounts of off-balance items with liability qualifications per foreign currency	-	-	-	-	-
20. Net foreign currency assets (liabilities) position (9-18+19)	(4.311)	(47)	(1.489)	(1)	109
21. Monetary items net foreign currency assets/(liabilities) position (1+2a+5+6a-10-11-12a-14-15-16a)	(4.335)	(56)	(1.490)	(1)	109
22. Total fair value of foreign currency hedge	-	-	-	-	-
23. The amount for the hedged portion foreign curreny assets	-	-	-	-	-
24. The amount for the hedged portion of foreign currency liabilities	-	-	-	-	-

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

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

Foreign Currency Position	**31 December 2013**				
	Equivalents of TRY	**USD**	**Euro**	**GBP**	**Other**
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)

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

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

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

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

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

Categories of financial instruments and fair values

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

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

NOTE 28 – EVENTS AFTER REPORTING PERIOD

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

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