

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(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 2015	1 January- 31 December 2014
EBITDA for reportable segments	40,402	81,678
Depreciation	(41,662)	(36,762)
Financial expenses	(23,217)	(22,250)
Income from investing activities	3,879	6,566
Other expenses - net	(77,726)	(50,184)
Provision for employee termination benefits	(4,440)	(3,096)
(Loss) / Profit before tax	(102,764)	(24,048)

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 2015	
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	1,468	(177)
Akbank T.A.Ş.	435	(11)
Avivasa Emeklilik ve Hayat A.Ş.	47	(2)
Philip Morris Sabancı Pazarlama Satış A.Ş.	30	-
Akçansa Çimento San. ve Tic. A.Ş.	18	-
Aksigorta A.Ş.	10	(47)
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	-	(3,099)
Enerjisa Enerji A.Ş. and its subsidiaries	-	(954)
Hacı Ömer Sabancı Holding A.Ş.	-	(27)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	-	(15)
	2,008	(4,332)

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

	31 December 2014	
	Receivables	Payables
	Current	Current
	Trading	Trading
<u>Balances with related parties</u>		
Akbank T.A.Ş.	2,105	-
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	1,485	(101)
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	-
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	-	(6,041)
Enerjisa Enerji A.Ş. and its subsidiaries	-	(1,112)
Hacı Ömer Sabancı Holding A.Ş.	-	(7)
	<u>3,999</u>	<u>(7,321)</u>
	31 December	31 December
<u>Deposit accounts in Akbank T.A.Ş.</u>	<u>2015</u>	<u>2014</u>
Demand deposit	842	1,392
Time deposit	101,660	144,250
	<u>102,502</u>	<u>145,642</u>
	31 December	31 December
<u>Credit card slip receivables in Akbank T.A.Ş.</u>	<u>2015</u>	<u>2014</u>
Credit card slip receivables	1,991	4,163
	<u>1,991</u>	<u>4,163</u>

The Group has foreign currency forward contracts with Akbank in total of USD 24,200 and EUR 22,800 with a maturity of 2016.

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

Transactions with related parties	1 January - 31 December 2015		
	Sales	Rent expense	Other income / (expenses)
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	10,775	(5,249)	(499)
Ak Finansal Kiralama A.Ş.	1,579	-	-
Akbank T.A.Ş.	1,000	-	-
Avivasa Emeklilik ve Hayat A.Ş.	488	-	(1,200)
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	314	-	(3,311)
Aksigorta A.Ş.	263	-	(2,283)
Philip Morris Sabancı Pazarlama Satış A.Ş.	217	-	-
Akçansa Çimento San. ve Tic. A.Ş.	182	-	-
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	144	-	-
H.Ö. Sabancı Holding A.Ş.	85	(19)	(176)
Çimsa Çimento Sanayi ve Ticaret A.Ş.	45	-	-
Enerjisa Enerji A.Ş. and its subsidiaries	17	0	(5,647)
Other	14	-	-
	<u>15,123</u>	<u>(5,268)</u>	<u>(13,116)</u>
Transactions with related parties	1 January - 31 December 2014		
	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
Avivasa Emeklilik ve Hayat A.Ş.	1,049	-	(1,247)
Aksigorta A.Ş.	552	(8)	(4,335)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	205	-	(119)
Akçansa Çimento San. ve Tic. A.Ş.	158	-	-
H.Ö. Sabancı Holding A.Ş.	157	-	(28)
Philip Morris Sabancı Pazarlama Satış A.Ş.	54	-	-
Enerjisa Enerji A.Ş. and its subsidiaries	19	-	(6,330)
Sabancı Üniversitesi	11	-	-
Çimsa Çimento Sanayi ve Ticaret A.Ş.	9	-	-
Kordsa Global Endüstriyel İplik	5	-	-
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	2	-	(8,458)
Other	-	-	(7)
	<u>11,966</u>	<u>(7,175)</u>	<u>(14,842)</u>

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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 2015 and 2014 are as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
<u>Salaries and other benefits</u>	7,412	5,178
	<u>7,412</u>	<u>5,178</u>

NOTE 5 – CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Cash	1,908	1,295
Demand deposit	2,218	1,718
Time deposit	288,046	175,532
Credit card slip receivables	13,113	14,453
	<u>305,285</u>	<u>192,998</u>

As of 31 December 2015, Group's all time deposits are Turkish Liras with the average interest rate of 13.44% (31 December 2014: 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).

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

The details of trade receivables as of 31 December 2015 and 2014 are as follows:

<u>Current trade receivables</u>	31 December 2015	31 December 2014
Trade receivables	44,577	19,196
Due from related parties (Note 4)	2,008	3,999
Notes receivables	10,485	5,852
Allowance for doubtful receivables (-)	(5,867)	(2,215)
	<u>51,203</u>	<u>26,832</u>