

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.****AUDITED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

(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 2016	1 January- 31 December 2015
EBITDA for reportable segments	<b>38,292</b>	<b>78,424</b>
Depreciation	(36,931)	(41,662)
Financial expenses	(66,649)	(61,239)
Income from investing activities	1,072	3,879
Other expenses - net (*)	(122,988)	(77,726)
Provision for employee termination benefits	(5,716)	(4,440)
<b>(Loss) / Profit before tax</b>	<b>(192,920)</b>	<b>(102,764)</b>

(\*) Other expenses – net balance, consists of Company’s credit purchase expense, loss on non-current asset, litigation and execution expenses, competition board penalty (Note 20).

**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.

	31 December 2016	
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Akbank T.A.Ş.	556	-
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	430	(65)
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	398	(3,730)
Hacı Ömer Sabancı Holding A.Ş.	152	(4)
Temsa Global Sanayi ve Ticaret A.Ş.	73	-
Akçansa Çimento San. ve Tic. A.Ş.	27	-
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	24	-
Avivasa Emeklilik ve Hayat A.Ş.	16	-
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	16	-
Philip Morris Sabancı Pazarlama Satış A.Ş.	9	-
Enerjisa Enerji A.Ş. ve bağlı ortaklıkları	-	(288)
Aksigorta A.Ş.	-	(114)
	<b>1,701</b>	<b>(4,201)</b>

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**NOTE 4 – RELATED PARTY DISCLOSURES (Continued)**

	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)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	-	(15)
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	-	(3,099)
Enerjisa Enerji A.Ş. ve bağlı ortaklıkları	-	(954)
Hacı Ömer Sabancı Holding A.Ş.	-	(27)
	<u>2,008</u>	<u>(4,332)</u>
	31 December	31 December
<u>Deposit accounts in Akbank T.A.Ş.</u>	<u>2016</u>	<u>2015</u>
Demand deposit	10,377	842
Time deposit	4,000	101,660
	<u>14,377</u>	<u>102,502</u>
	31 December	31 December
<u>Credit card slip receivables in Akbank T.A.Ş.</u>	<u>2016</u>	<u>2015</u>
Credit card slip receivables	3,301	1,991
	<u>3,301</u>	<u>1,991</u>

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**NOTE 4 – RELATED PARTY DISCLOSURES (Continued)**

Transactions with related parties	1 January - 31 December 2016		
	Sales	Rent expense	Other income / (expenses)
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	2,732	(4,601)	(953)
Akbank T.A.Ş.	2,096	-	-
Avivasa Emeklilik ve Hayat A.Ş.	480	-	(1,047)
Çimsa Çimento Sanayi ve Ticaret A.Ş.	256	-	-
Akçansa Çimento San. ve Tic. A.Ş.	179	-	-
Temsa Global Sanayi ve Ticaret A.Ş.	176	-	-
Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.	158	-	(9,401)
H.Ö. Sabancı Holding A.Ş.	133	(10)	(29)
Philip Morris Sabancı Pazarlama Satış A.Ş.	116	-	-
Aksigorta A.Ş.	86	-	(2,891)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	54	-	-
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	18	-	-
Enerjisa Enerji A.Ş. ve İştirakleri	6	-	(4,634)
	<u>6,490</u>	<u>(4,611)</u>	<u>(18,955)</u>

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	-	(5,647)
Other	14	-	-
	<u>15,123</u>	<u>(5,268)</u>	<u>(13,116)</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 2016 and 2015 are as follows:

	1 January – 31 December 2016	1 January – 31 December 2015
<u>Salaries and other benefits</u>	5,579	7,412
	<u>5,579</u>	<u>7,412</u>

**NOTE 5 – CASH AND CASH EQUIVALENTS**

The details of cash and cash equivalents as of 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Cash	3,074	1,908
Demand deposit	18,783	2,218
Time deposit	117,235	288,046
Credit card slip receivables	17,002	13,113
	<u>156,094</u>	<u>305,285</u>

As of 31 December 2016, the Company's all time deposits are Turkish Liras with the average interest rate of 11% (31 December 2015: TRY, 13.44%).

**NOTE 6 – TRADE RECEIVABLES AND PAYABLES**

The details of trade receivables as of 31 December 2016 and 2015 are as follows:

<u>Current trade receivables</u>	31 December 2016	31 December 2015
Trade receivables	45,442	44,577
Due from related parties (Note 4)	1,701	2,008
Notes receivables	14,180	10,485
Allowance for doubtful receivables (-)	(4,874)	(5,867)
	<u>56,449</u>	<u>51,203</u>