

ALL TOGETHER

LINKING TURKEY TO THE FUTURE  
SINCE 1964...

Prysmian  
Group 

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.  
2014 ANNUAL REPORT



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## MESSAGE FROM CEO



### Dear Shareholders,

With our innovative products and investments that we develop by closely following technological advances and needs in the market; we are leaving behind our 50th anniversary in the sector where we made significant contributions to Turkey's industrialization process. As in previous years, we have successfully completed our 2014 activity year, getting through tough conditions.

#### A Tougher Market Scenario

The global economy, although lower than expected, made a positive progress in 2014. The positive development in the American economy, the biggest economy of the world; although the Europe's recovery has been lower than expected, affected the world's economy in a positive way in general.

Where all this happen across the world, in spite of political events in Turkey's neighbors; Iraq, Syria, Russia and Ukraine, and deceleration signals in the European Union economy, Turkey's economy acquired lower growth figures of year 2010-2011 but achieved a growth of 4.0% in 2013 and 3.0% in 2014, directly proportional with deceleration of growth in energy and construction sectors compared to previous years.

In 2014, although the size of the world's cable market remained approximately at the same levels of 2013, a serious part of the volume started to shift towards the developing countries. On product base, also in parallel to energy generation and consumption in the world, an increase was observed in energy cables; however the rate of this increase remained limited as compared to previous years. As a result, demand for energy cables increasingly continued, although limited. As to the communication cables, on the other hand, demand for fiber cables specifically has been gradually increasing.

#### Our Strategy and Important Activities

In 2014, we left behind 50 years in Turkish cable sector. During these 50 years, we continued to provide the latest technology, the most innovative, the most developed and also the most suitable solutions for the needs according to our customers. At every step we took, we acted by keeping in mind our mission we announced in 2011 "Linking Turkey to the Future" and the fact that we are the leader of Turkish cable sector.

It is a huge responsibility to own one of 91 factories of the Prysman Group, a world leader located in 50 countries and to complete 50 years in Turkey. Today, with both the strength we take from our global structure, our experienced team and our knowledge level, we are showing with various projects that we are one step ahead of the Turkish cable sector.

With our initiative; "Attention! All Cables Are Not The Same..." we are continuing with 3rd stage in 2014, the number of people we have contacted reached 2100 since our launch in 2012 and the number of tests we conducted has reached 6300. In Mudanya R&D Center, one of our 19 R&D Centers under the umbrella of Prysman Group, there are our Material Technologies Laboratory and Fire Tests Laboratory. Both with the purpose of supporting our initiative "Attention! All Cables Are Not The Same..." and for proving reliability of the tests we conduct on national and international platform, we had our Material Technologies Laboratory certified by the Turkish Accreditation Agency (TÜRKAK). It is now a known fact that the combustion tests conducted in our laboratories are both accurate and reliable, with TS EN ISO/IEC 17025; "General Requirements for the Testing and Calibration Laboratories".

As another result of our expertise we proved with various projects, we feel happy that we made a name for ourselves in the field of Structural Cabling Solutions in 2014. At the end of March, we got together expert teams from abroad and our customers and we officially started our activities in the field of Structural Cabling. Besides in the scope of the first Dardanelles Undersea Project we were awarded in 2012, we brought the Prysmian Group's cable laying ship to the Dardanelles and we started the project. Immediately after this project, we received another good news and we signed the contract for a 2nd Dardanelles Undersea Project.

In the scope of our 50th anniversary when Prysmian Group Worldwide CEO Valerio Battista visited us, we showed our expertise and experience. We provided cable for the most prestigious project in their fields. How happy we are that we added new successes to our successes also in year 2014.

### Business Performance

Turkey's industry dynamics showed difference with the effects of the elections hold in August, macroeconomic developments and political disturbances experienced in the neighborhood countries on the internal market.

Even in an environment where unexpected events occur and ambiguity prevails, our Company, with its flexible and dynamic structure, achieved to turn fluctuations in economy to its favor also in 2014. In spite of all these events, our Company, thanks to its strong structure and variety in its sales channels, maintained its market share and continued its strong financial performance, focused to provide service beyond customer expectations, supporting its high quality. It will keep working with its customer-oriented strategy also in 2015.

### Human Resources

In spite of tough market conditions, we are acquiring our strength and this success from our well-educated, competent, accomplished employees whom an investment is continuously made for. In parallel to our technology investments focused in our production facilities, our human resources investments that aim to improve quality of our work power always continues. In this scope, we organized over 18.250 hours training in total for our employees.

In 2014, 70% of our employees of our company joined the YES (Your Employee Shares), "Share Plan for Employees", which started throughout Prysmian Group across the world. This ratio gives us proud as it shows the confidence our employees have in our company, and also our company took the 1st place in terms of ratio of participation in comparison to other countries within Prysmian Group across the world.

### Looking to Future

With the strength we gain from our Group, which is the world leader in the field of undersea energy cables; with the 380 kV Dardanelles Undersea Cable Project that we signed up for the 2nd one, year 2015 will be a year when our sustainable success and strength that are very important both in terms of our Company and our Group, will grow even better and important projects will be materialized.

Although we foresee that year 2015 will be a tough year in general, we believe we will conclude 2015 successfully with the support we gain from Prysmian Group which we are a part of, our technologic leadership, our viewpoint open to improvement, our pioneering structure, the support and positive energy we get from all of our shareholders.

**Erkan Aydođdu**  
CEO



**Alberto Maria Tagliabue**  
Board Member & CFO

**Erkan Aydođdu**  
Vice Chairman & CEO

**Halil İbrahim Kongur**  
Chairman & Factory Director

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

### GENERAL INFORMATION

Prysmian's business is centered on the key markets of Energy Cables and Systems, Telecom Cables and Systems, in which we are among the world leaders and innovators. For more than a century we have grown as a truly multinational corporation, deeply rooted in local markets throughout the world and building upon our core sectors.

As being a member of Prysmian Group and as the oldest well-established and leading company in its sector, our vision is; to exhibit a creative and superior performance within the workforce with its distinguished and innovative role, to have an organizational structure which emphasizes openness and social responsibility, to keep customer satisfaction by providing long-term partnerships, to create a value for its stakeholders with permanence, to dedicate itself to improve the social conditions, to be always the leader of the sector in Turkey and international platform.

Our mission is to add value to our shareholders and to the sector by providing to our customers, our partners and to the community innovative, technological, high quality and safe products which are adequate to standards.

Our annual report includes the period of 01.01.2014 and 31.12.2014.

The Trade Registry Information about Türk Prysmian Kablo ve Sistemleri A.Ş. is above mentioned:

**Headquarters:** Ömerbey Mah. Bursa Asfaltı Cad. No:51 Mudanya / BURSA

**Tel:** +90 224 270 3000 **Fax:** +90 224 270 3024

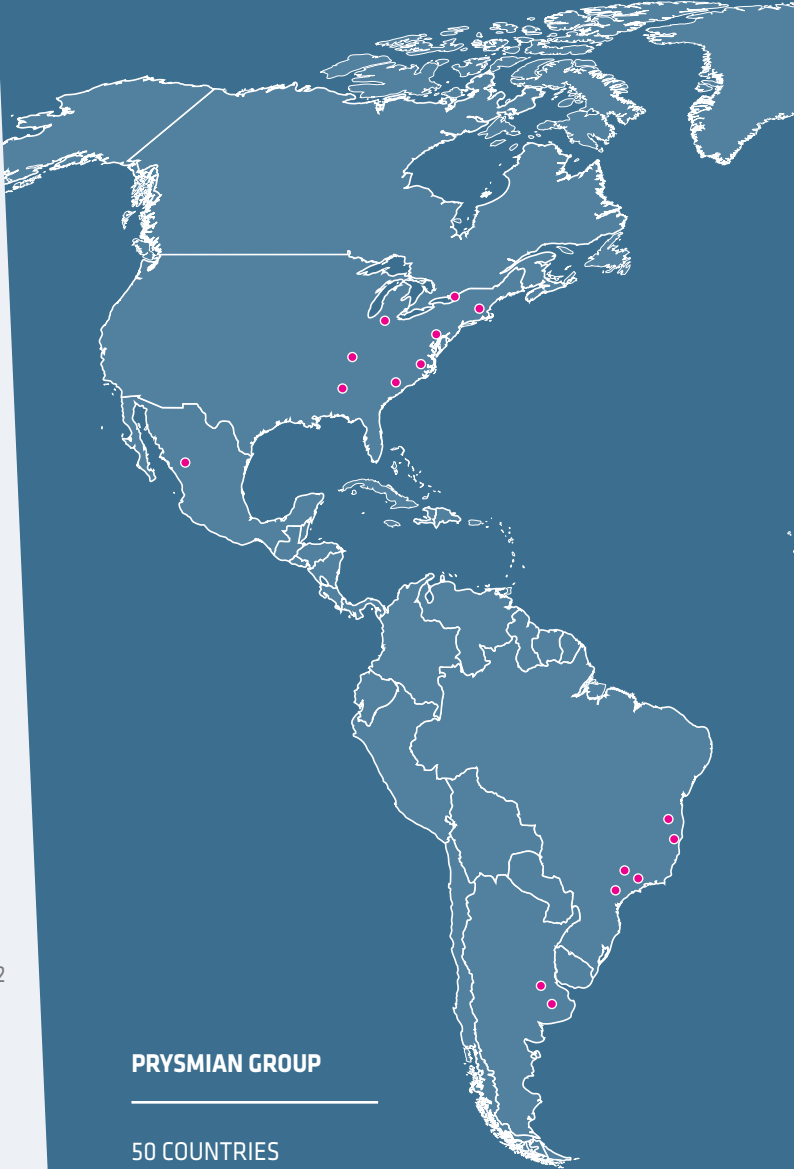
**Branch:** Ömer Avni Mahallesi İnebolu Sok. Haktan İş Merkezi No:39 K:2 Setüstü Kabataş Beyoğlu/İSTANBUL  
**Tel:** +90 212 393 7700 **Fax:** +90 212 393 7762

**Trade Registry Number:** M0153/Bursa Merkez

**Web Site:** [www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr)

**Amendment of Articles of Association during business year:** There is no amendment at the articles made by our company from 01.01.2014 until 31.12.2014.

The revised edition of the articles of association is available on [www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr) and [www.kap.gov.tr](http://www.kap.gov.tr).



### PRYSMIAN GROUP

50 COUNTRIES

91 PLANTS

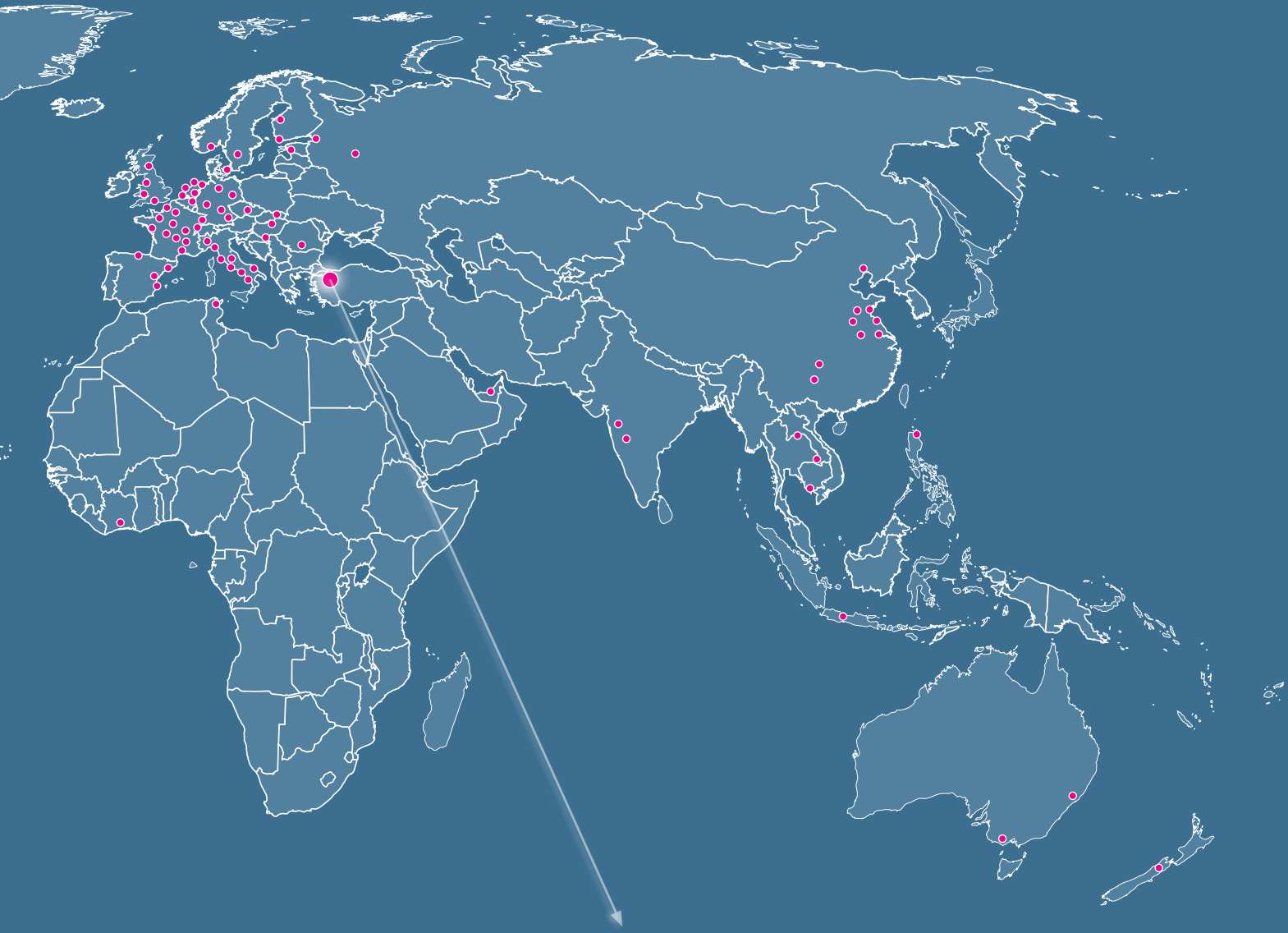
17 R&D CENTRES

19.000 EMPLOYEES

### TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AT A GLANCE

Türk Prysmian Kablo ve Sistemleri A.Ş. is Turkish operation of Prysmian Group, worldwide leading company in energy and telecommunication cables' industry following the merge realized between Prysmian and Draka, in 2011. The company is headquartered in Mudanya (Bursa) since 1964 and carries out its activities in a total area of 180.000 m<sup>2</sup> (covered area: 79.000 m<sup>2</sup>).

The company stands out in Prysmian Group as one of the 12 plants that can simultaneously produce energy and telecom cables. All the energy cables up to 220 kV, copper conductor communication cables up to 3.600 pairs, optical fiber cables, special cables used for industrial applications are in the full range of product of Türk Prysmian. Moreover, as a result of the merger with Draka on main shareholders level railway-signaling cables, lift systems, studio broadcast cables and special cables have also been added to the company's product range. Today Mudanya factory can produce 22.000 different cables. Besides all these, Türk Prysmian performs "turn key" projects for cables and systems, and provides all its customers unique and superior services.



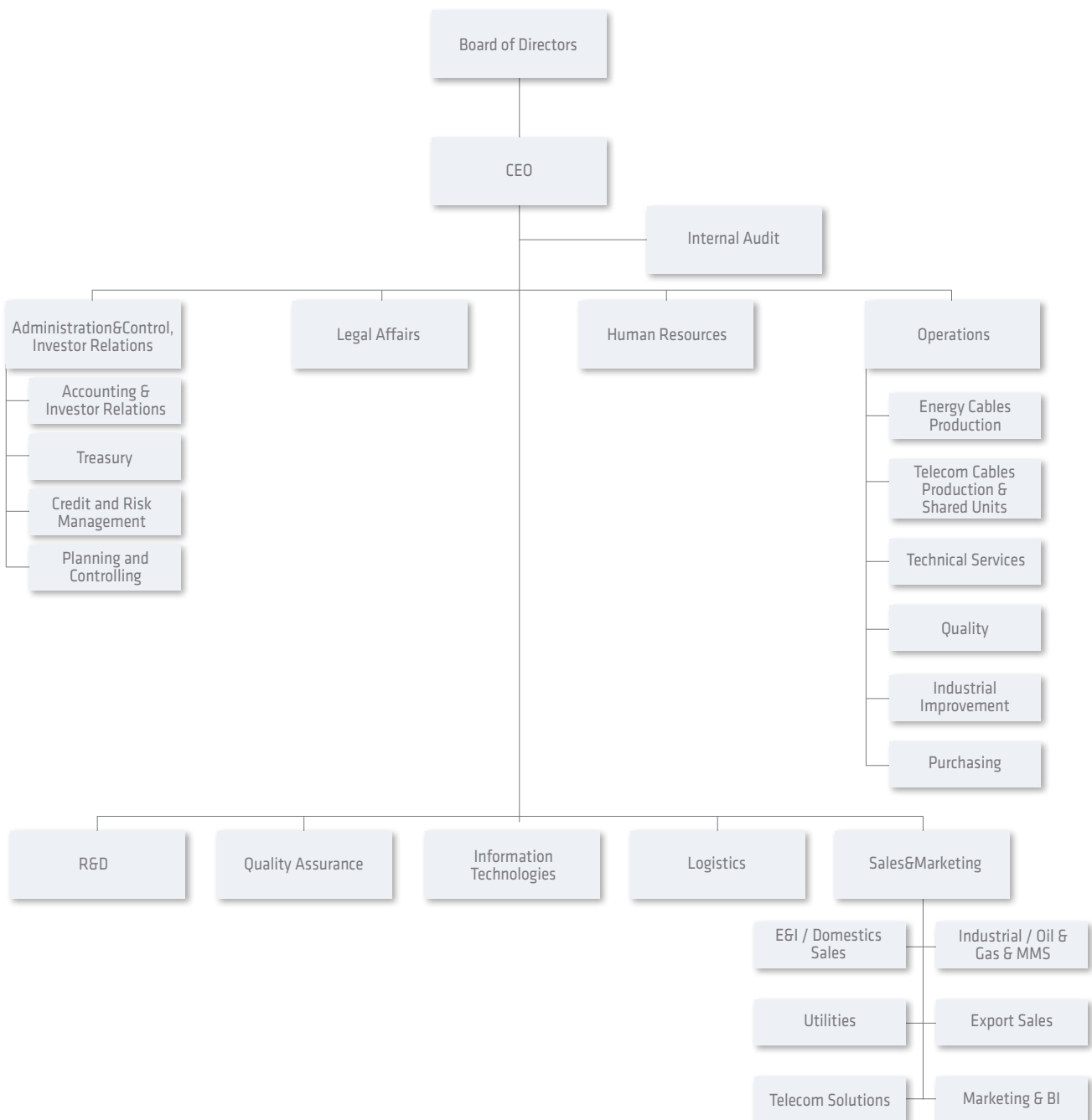
**MUDANYA / TURKEY  
TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**

The installed capacity of Türk Prysmian is able to meet the whole demand of the domestic market and is also at a level to compete in the international markets. Türk Prysmian, with its 85% capacity saturation in 2014 and which continues to be a privileged export centre within the Prysmian Group exported approximately 29% of its TL961,448,858 turnover in 2014. Türk Prysmian has sustained its leadership regarding to innovation, technology, quality and customer satisfaction in Turkey and in the international markets. Today, the company exports to more than 40 countries including Azerbaijan, Barbados, China, Chile, France, Iraq, Jordan, other countries in Middle East, North Africa regions, Papua New Guinea, Sri Lanka, Turkmenistan and UK.

Prysmian Group has 17 R&D centers worldwide; one of these R&D centers is in Türk Prysmian's Mudanya factory. Material Technologies Laboratory located in this R&D center is registered by Turkish Accreditation Agency (TÜRKAK) with accreditation certificate named as TS EN ISO/IEC 17025 "General Requirements For The Competence of Testing and Calibration Laboratories". The certificate given by TÜRKAK represents that the results of "fire tests" completed in Turk Prysmian's laboratory have reliability and also an international validity.

Türk Prysmian Kablo ve Sistemleri A.Ş., listed on the Istanbul Stock Exchange, which increases the effectiveness of its products and services everyday not only in Turkey, but also in global markets has proven the value it gives to human being and to the environment by obtaining ISO/DQS 9001, and ISO 14000 certifications in its sector.

## ORGANISATIONAL STRUCTURE



## COMPANY BOARDS

**The Board of Directors**

Chairman .....	Halil İbrahim KONGUR
Vice Chairman .....	Erkan AYDOĞDU
Board Member .....	Hans G.S. HOEGSTEDT
Board Member .....	Alberto Maria TAGLIABUE
Board Member .....	Fabio Ignazio ROMEO
Independent Board Member .....	Ayşe Canan EDİBOĞLU
Independent Board Member .....	Ali Aydın PANDIR
Independent Board Member .....	Mehmet Emin TUTAN

**Audit Committee**

Chairman .....	Ayşe Canan EDİBOĞLU
Committee Member .....	Ali Aydın PANDIR

**Corporate Governance Committee**

Chairman .....	Ali Aydın PANDIR
Committee Member .....	Fabio Ignazio ROMEO
Committee Member .....	Nevin KOCABAŞ

**Early Risk Assessment and Risk Management Committee**

Chairman .....	Ayşe Canan EDİBOĞLU
Committee Member .....	Ali Aydın PANDIR





## BOARD MEMBERS



**Halil İbrahim Kongur**  
**Chairman & Factory Director**

Halil İbrahim Kongur has joined the Prysmian family in 1986 and since 2003, he has been working as Factory Director. Additional to his current responsibility, he's appointed as Chairman on January 2015. Kongur, worked as Planning Engineer, Logistics Manager, Production Manager and Purchasing Director before assigned to these roles. He is graduated from Karadeniz Technical University, department of Mechanical Engineering and completed his masters degree in Berlin Technical University in Manufacturing Technologies department.



**Erkan Aydoğdu**  
**Vice Chairman & CEO**

Erkan Aydoğdu started to work in the Production Planning department, in 1997 within Prysmian family. Aydoğdu, who went to Italy in 2000 as Process Kaizen Engineer, was the leader of continuous improvement teams in Europe's diffent facilities between 2001-2002. Aydoğdu came back to Turkey in 2003 and worked as Logistics Chief and Logistics Manager; and then in 2010 took the responsibility of R&D and Logistics Director. Since 2015, Erkan Aydoğdu has been working as CEO and Vice Chairman of Turk Prysmian. Aydoğdu is graduated from Middle East Technical University department of Mechanical Engineering.



**Fabio Ignazio Romeo**  
**Board Member (Prysmian (Dutch) Holdings B.V. natural person per procuration)**

Fabio Romeo is the Head of Energy Cables & Systems division of Prysmian Group. He obtained a degree in Electronic Engineering from the Polytechnic University of Milan in 1979, an M.S. and a Ph.D. in Electrical Engineering and Computer Sciences from the University of California at Berkeley, in 1986 and 1989, respectively. His first work experience was in 1981 with Tema (ENI Group) as Project Manager for Chemical Plants. In 1982, he moved to Honeywell as Technical Advisor to the Honeywell's CEO. In 1989 he joined the Electronics division of Magneti Marelli as Innovation Manager and in 1998 he was appointed as Managing Director of the Electronics Systems division of the same company. He joined the Pirelli Group in 2001 as Director of the Truck business unit for Pirelli Tyre division and, one year later, became the Utilities Director of the Cable division of the Pirelli Group. He has been the Head of our Energy Cables & Systems division since December 2004 and he is at the same time Turk Prysmian Kablo ve Sistemleri A.Ş. Board Member.



## BOARD MEMBERS



**Hans GS Hoegstedt**  
Board Member

Hans Hoegstedt, before assigned to Prysmian Group Italy as CEO on January 2015, worked as “Worldwide Director for the two targets business units; Power Distribution and Trade & Installers” within Prysmian Group between 2006-2011 and as CEO of Turk Prysmian between 2011-2014. Hoegstedt, started his career in London in 1994 and has since then held several senior marketing, sales and general manager / CEO positions in leading B2C and B2B multinational companies including The Coca-Cola Company, Fiat Auto/ Alfa Romeo. During his career, he has worked in 7 different countries including UK, Germany, US, Romania, Italy and Turkey. He holds an BA and MBA studying at Pepperdine University and Harvard University.



**Alberto Maria Tagliabue**  
Board Member & CFO

Alberto Tagliabue, started his professional career in 1982, in Internal Audit department of Pirelli Group. In the following years, he covered a position in the Pirelli Group as the Consolidated Balance Sheet responsibility of Pirelli Tyres from 1989 - 1992, a company listed on the Stock Exchange in Amsterdam; from 1997 as CFO of BU Steel cord of Pirelli Tyres and from the end of 2002, as Director of Planning and Control Services Provider in Pirelli Real Estate, a company listed on the Milan Stock Exchange. Alberto Tagliabue has joined Prysmian family in 2006 as Chief Financial Officer (CFO) of Prysmian Cable and Systems in Italy and worked as Prysmian Group Danubian Region CFO between 2009-2014. He has been appointed to Turk Prysmian as CFO and Board Member from January 2015. He is graduated from Economy department of L. Bocconi University in Milan in 1982.



**Ayşe Canan Ediboğlu**  
Independent Board Member

Canan Ediboğlu started her professional life in Southampton University as Research Assistant. She returned to Turkey in 1980 and within the same year, she took the responsibility of Planning Manager in Shell Turkey. As of 1980, she worked in various departments within Shell Turkey such as Marketing, Treasury and Planning. Ediboğlu worked as Shell Turkey Country Director and General Manager between 2001-2009 and Independent Board Member in ING Bank Turkey from 2010 and Aygaz from 2012. Canan Ediboğlu is graduated from Southampton University, Economy department and had her masters degree in the same university, Financial Control Management field.



**Ali Aydın Pandır**  
Independent Board Member

Ali Aydın Pandır has been serving Erdemir’s Chairman and Managing Director since November 2013. Employed as Tofaş’s CEO and a member of Tofaş’s Board of Directors between 2006 and 2012, Pandır has also served in positions such as supply chain director and general director/CEO in General Motors factories located in Indonesia, Singapore and Chinde between 1996 and 2006. Between 1993 and 1996, he worked as Aftersales services manager for Opel Germany, followed by his employment in the same position in General Motors. Starting his career in Tekersan Jant Sanayii, Pandır worked as Production Manager in Otokar A.Ş. from 1984 to 1989 and as Project Engineer in Koç Holding A.Ş. between 1982 and 1984. Pandır is a graduate of İstanbul Technical University, Department of Mechanical Engineering.



**Mehmet Emin Tutan**  
Independent Board Member

Mehmet Emin Tutan served as Ak Party’s parliament member from Bursa during November 2002-June 2011 period. Holding office between 2001 and 2002 as Bursa, Yıldırım District President of Ak Party, Tutan has also served as a member of Council in Bursa during 1989-2002 period. A Certified Public Accountant, Tutan also has a Certified Public Accounting office. Tutan is a graduate of Uludağ University, Department of Business Management.

## MANAGERS



**Onur Artıkođlu**  
Export Sales Director

Onur Artıkođlu, before his appointment to Prysmian family as Export Sales Director, held several senior positions within Otis Elevator Company '04-'14. During his career at Otis, Artıkođlu worked as Export Manager, Export and High-Rise Buildings Sales Manager and High-Rise Buildings Department Leader for Turkey and Middle-East. He holds his bachelor degree from YTÜ Electrical Engineering and completed his master degrees in Istanbul University departments of International Management and MS in Marketing.



**İ. Etem Bakaç**  
E&I / Domestic Sales Director

İbrahim Etem Bakaç started to work in Domestic Sales department in 2001. In 2003, he was appointed as Domestic Sales Manager and between 2010 - 2011 he worked as Sales & Marketing Director. Since 2011, he has been working as E&I / Domestic Sales Director. He is graduated from Istanbul Technical University department of Electrical & Electronics Engineering and he completed his masters degree in Istanbul Technical University department of Electrical & Electronics Engineering.



**İlker Bertan Bilgin**  
Logistics Manager

İlker Bertan Bilgin started his career as an CAE Project and Application Engineer at FIGES in 2004. In 2005 he joined Prysmian family as Industrial Improvements Engineer. In the same year, he changed his position to Energy Production Planning Chief. He was appointed as Energy&Telecom Planning Chief in 2010 and as of January 2015, he continues his career as Logistics Manager of Turk Prysmian. İ. Bertan Bilgin is graduated from University of Uludag, Mechanical Engineering department and also he completed his MBA at the same University.



**Ufuk Çolak**  
Telecom Solutions Manager

Ufuk Çolak has joined Prysmian family in 1994 and has worked in different roles in Sales and Marketing department. Çolak has worked as FP Product Manager at Prysmian Cables UK from 2007 to 2009. On his return to Turkey in 2010, he started to work as Key Account Manager. Before its appointment to his current position on 2014, he was working as Marketing and Business Intelligence Manager. Ufuk Çolak is graduated from Istanbul Technical University department of Electrical Engineering.



**İdris Çolakgil**  
Information Technology Manager

İdris Çolakgil has provided consulting services to our company since 1998, and started to work in the Information Technology department in 2000 in Prysmian family. He worked as SAP Logistics Specialist and Information Technology Chief and since 2008 he has been working as Information Technology Manager. İdris Çolakgil is graduated from Middle East Technical University department of Electrical & Electronics Engineering.



**Faik Kürkçü**  
Utilities & Contractors Sales Director

Faik Kürkçü started to work in Utility Sales department in 1995 and he was appointed as Utility Sales Manager in 2005. Since 2010, he has been working as Utilities & Contractors Sales Director. He is graduated from Yıldız Technical University department of Electrical Engineering.



**Sabri Levent Özçengel**  
Human Resources Director

Sabri Levent Özçengel has joined Prysmian family in 2000. Since 2006, he has been working as Human Resources Director, before his assignment to his current job, he worked in Administration & Control and Export Sales departments. Özçengel is graduated from Middle East Technical University department of Public Administration, and he completed his masters degree in Anadolu University department of International Economics.



**İlhan Öztürk**  
Specialties & OEM Sales Director

İlhan Öztürk has worked in various positions in Sales and Logistics departments in Cable sector since 1994. Öztürk has joined Prysmian family as Industrial Sales Manager. Between 2010 - 2011, he worked as Export Sales Manager and has been working as Specialties & OEM Sales Director since 2011. Öztürk is graduated from Istanbul Technical University department of Electrical Engineering.



**Zekeriya Şirin**  
Research & Development Manager

Zekeriya Şirin started his professional career in Logistics department of Prysmian family as Planning Engineer in 1998. He worked in mainly TPM projects at design-development, process-production, quality control, energy cable production departments. He worked as Design Engineer after 2003; and was appointed as R&D Design Chief in 2010, R&D Design Manager in 2014. He is currently working as R&D Manager. Zekeriya Şirin is graduated from Yıldız Technical University, department of Chemical Engineering and completed the MBA programme in Uludağ University in 2011.



**Yiğit Türsoy**  
Legal Affairs Director

Yiğit Türsoy has joined Prysmian family in 2005. He has been working as Legal Affairs Director, graduated from Istanbul University Faculty of Law. Türsoy, in 2007, completed his masters degree in Galatasaray University in Law and Economics department and in 2010 Istanbul Bilgi University Master of Business Administration programme.



**Tamer Yavuztürk**  
Marketing and Business Intelligence Manager

Tamer Yavuztürk has joined Prysmian family in 2005 as Product Manager, he was appointed as Marketing Chief in 2007 and Regional Export Sales Manager in 2009. He has worked as Key Account Manager between 2011 and 2014; since 2014 he has been working as Marketing and Business Intelligence Manager. Tamer Yavuztürk has an Electrical Engineering degree from Istanbul Technical University. He lived and worked in London between 1999 and 2005; and during this period he has completed his MBA-International Marketing course in the University of Leicester. He also has a masters degree in Financial Economics from Istanbul Bilgi University.



**Sevda Yücel**  
Purchasing Director

Sevda Yücel started to work in Purchasing department in 1997 in Prysmian family. Between 2001 - 2002, she went to Italy-HQ and worked as a Lead Buyer in the Purchasing department. She returned to Turkey in 2003 and continued her task as Raw Material Purchasing Chief in Pirelli Group. Since 2005, she has been working as Purchasing Director. She is graduated from Istanbul Technical University department of Mechanical Engineering, and she completed her masters degree in Istanbul Technical University department of Mechanical Engineering.

## MANAGERS


**Esat Baykal**  
**Quality Manager**

Esat Baykal started to work in Prysmian family in 1984. Since 2004 he has been working as Quality Manager. Before he has been assigned to his current job, he worked as High Voltage Laboratory Chief, Telecom Cables Quality Manager and R&D Manager. He is graduated from Middle East Technical University department of Electrical Engineering.


**Gürkan Bayrak**  
**Telecom Cables & Shared Units Production Manager**

Gürkan Bayrak has joined Prysmian family in 1997 as Production Engineer. Bayrak worked in various positions in the factory. Before he has been assigned to his current job, he worked as Telecom Order Management Chief in Logistics department. Since 2014 he has been working as Telecom Cables and Shared Production Manager. He is graduated from Istanbul East Technical University department of Electronics&Communication Engineering.


**Can Durgun**  
**Planning and Controlling Manager**

Can Durgun has started his professional career in 2008 at PricewaterhouseCoopers as Auditor. Durgun has joined to Prysmian family in 2012 as Planning and Controlling Manager, graduated from Uludağ University department of Business Administration. Durgun has licence of Independent Auditing in Capital Markets and Certified Public Accountant (CPA) certification.


**Mehmet Er**  
**Energy Cables Production Manager**

Mehmet Er has joined Prysmian Group family in 2003 as Production Engineer. He worked as Electrical Maintenance Engineer in Technical Service department between 2004-2006 and Production Chief in Energy Cables Production department between 2006-2013. Since 2014 he has been working as Energy Cables Production Manager. He is graduated from Istanbul University department of Electronics Engineering.


**Nevin Kocabaş**  
**Accounting and Investor Relations Manager**

Nevin Kocabaş has started her professional career in 2003 in T. İş Bankası A.Ş. at exchange department. She had worked in the group of T. Şişe ve Cam Fabrikaları A.Ş as General Accounting Chief from 2005. Kocabaş has joined Prysmian family in 2011 and was appointed as Accounting and Investor Relations Manager. She is graduated from Uludağ University department of Business Administration and also completed her masters degree in Uludağ University, department of Accounting and Finance.


**Alaettin Şenkaya**  
**Material Technologies Manager**

Alaettin Şenkaya, started to work for Prysmian Group at Material Technologies in Research&Development Department in 2005. He has been working as Material Technologies Manager since 2014. Şenkaya is graduated from Chemical Engineering Department of Istanbul Technical University.


**Figen Tamuroğlu**  
**Treasury Manager**

Figen Tamuroğlu has started her professional life in foreign trade business, worked as finance and import expert before joining the Prysmian Group in 1994. She has continued her work as Treasury Chief and Group Treasury Manager between 2003 - 2005 in Pirelli Group. Tamuroğlu is working as Treasury Manager. She is graduated from İstanbul University Faculty of Forestry Engineering and completed her master degree in Managerial economics in faculty of Business Administration in İstanbul University.


**Celal Uruçay**  
**Industrial Improvement Manager**

Celal Uruçay, has started his professional career in 2005 in Production Department in Prysmian family. He started to work in Industrial Improvement department in 2009 and he has been working as Industrial Improvement Manager since 2012. Celal Uruçay, is graduated from İstanbul Technical University department of Electrical Engineering.


**Okay Yıldız**  
**Technical Services Manager**

Okay Yıldız started to work in Technical Services department in 1988 in Prysmian family. As of 1993, he worked as Mechanical Group Manager and Energy Cables Production Manager; since 2002 he has been working as Technical Services Manager. Yıldız is graduated from Uludağ University department of Mechanical Engineering.

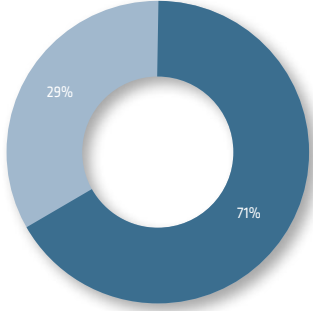

**Gaye Yurdaşen Kantar**  
**Credit and Risk Manager**

Gaye Yurdaşen Kantar has joined Prysmian family in 2012. Previously, Gaye Yurdaşen Kantar have had banking experience as Portfolio Manager at Yapi ve Kredi Bankası A.Ş. -where she has been started her professional career as Asst. Portfolio Manager- during her 9 years of working experience in both, Cooperate and Commercial banking. Mrs.Kantar with the role of Credit and Risk Management Manager, is graduated from İstanbul University of Economics department.

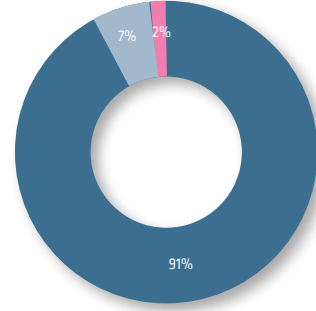
## SALES STRUCTURE

Türk Prysmian Kablo ve Sistemleri A.Ş.'s sales structure, from the first day of its establishment, is composed of its A-Team Distributors from all around Turkey and its Key Account customers from Turkey and worldwide.

Our company's sales structure in 2014 is as below:



Domestic Market:	TL686,692,528 (71%)
Export:	TL274,756,330 (29%)
Total:	TL961,448,858



Energy:	TL879,185,490 (91%)
Copper Telecom:	TL63,845,249 (7%)
Fiber:	TL18,418,119 (2%)

Türk Prysmian's A-Team Distributors are as below:

Adnan Elektrik	Delta Tema Elektrik	Karadeniz Elektromarket	Promeda Elektrik
Alfa Elektrik	Derya Elektrik	Kıraç Elektrik	Ruhbaş Elektrik
Asal Elektrik	Egesim	Mefa Elektrik	Santral Elektrik
Aykon Ekay Elektrik	Elpim	Nepa Elektrik	Ünko Elektrik
Cihan Elektrik	Findikkaya Elektrik	Oskar Elektrik	Yeğenler Elektrik
Çağın Elektromarket	Gerilim Elektrik	Öztekni Enerji	Yılmaz Elektrik
Çetin Elektrik	Güzel Ufuk Elektrik	Panosan Elektrik	

Türk Prysmian's Some Key Account Customers are as below:

ABB	Enerji-SA	Nuh Çimento	Tekfen
Akdeniz İnşaat	Ereğli Demir Çelik	Park Teknik	Teleset
Alarko	FGC Elektrik	Petrofac	Torunlar
Alstom	Gama Holding	Polimeks İnşaat	Tutle & Hughes
Anel Grup	Habaş	R&M Electrical Group	Tüpraş
Arçelik	HKS Has Asansör	Rönesans Holding	Türk Telekom
Areva	İçdaş	Sasel Elektromekanik	Türkiye Taş Kömürü Kurumu
AE Arma Elektropanç	İlk İnşaat	Savronik	Vesco Contracting
Beşiktaş Gemi İnşa	İnşel	Siemens	Vestel
Çalık Enerji	İskenderun Demir Çelik	Superonline	Vodafone
Dia Holding	İstanbul Ulaşım	ŞA-RA Enerji	Yapı Merkezi
Diler / Yazıcı Demir Çelik	Karadeniz Enerji	Taisei	
Ege Yapı	MacLean Electrical	Technip	
Elco Contracting & Services	Net Mühendislik	TEİAŞ	



## PRESTIGIOUS PROJECT REFERENCES

**Türk Prysmian Kablo ve Sistemleri A.Ş. yielded the cable infrastructure of several prestigious projects in Turkey and also worldwide.**

### Some Reference Projects from 2014 year

- **Apple Store, Istanbul:** Turkey's First – Europe's Biggest Apple Store
- **Beşiktaş Vodafone Arena, Istanbul:** Turkey's First Smart Stadium
- **Kayseri Organize Sanayi Bölgesi:** Turkey's Biggest Solar Panel Farm
- **Trabzon Akyazı Arena:** Turkey's First Self-Cleaning and Air Pollution Decreasing Stadium
- **Tema Istanbul, Istanbul:** "Best Karma Project" from Sign of the City Awards

### Some Reference Projects from 2013 year

- **Avrasya Tunnel Project, Istanbul:** The Most Modern Infrastructure Project Connecting The Continents
- **Istanbul Tramvayı, Istanbul:** Turkey's First Local Tram
- **Prime Mall, Gaziantep:** World's Best Project Award (Shopping Mall)
- **Mercury City Tower, Russia:** Europe's Tallest Building

### Some Reference Projects from 2012 year

- **Algida-Konya Ice Cream Factory, Konya:** World's First Leed Certificated Ice Cream Factory
- **Fuel to Electrical Car Transformation:** First Fuel to Electrical Car Transformation Project
- **GE -19 Tower Project:** First Tower Project Where Türk Prysmian Cables Are Used
- **Mercedes Buses:** Turkey's Highest Technology Buses
- **Shangri-La Bosphorus Hotel, Istanbul:** World's First Hotel Which Has 7 Floors Undersea
- **Sinan Erdem Sports Arena, Istanbul:** Turkey's Biggest Sport Arena
- **Spine Tower, Istanbul:** 2012 Europe Best Office Architect Award

### Some Reference Projects from 2011 year

- **Ankara-Konya High Speed Train:** Turkey's First High Speed Railway Line Which Is Completely Constructed By Turkish Project Managers And Engineers
- **Ayada:** First Turkish Island in Maldives
- **Bakü Flame Towers, Bakü:** The Tallest and Most Modern Building of Azerbaijan
- **Digitürk 3D Live Broadcast Car:** Turkey's First 3D Live Broadcast Car
- **Fenerbahçe Ülker Sports Arena City, Istanbul:** The Most Modern Indoor Facility of Turkey
- **Istanbul Sapphire Tower, Istanbul:** The Tallest Building of Turkey
- **Marmara Forum, Istanbul:** The Shopping Mall With the Highest Number of Brands
- **Marmaray, Istanbul:** The Largest Infrastructure Project Connecting Europe to Asia
- **Mecca Clock Tower:** The Tallest Building of Saudi Arabia
- **Terracity:** The Biggest Shopping Center in Antalya
- **Trump Towers Istanbul, Istanbul:** The First "Trump" Towers in Europe
- **Türkmenistan Tv Tower:** World's Biggest Star In Architecture
- **Türk Telekom Arena, Istanbul:** The Newest and High Technology Football Stadium of Turkey
- **Zorlu Center, Istanbul:** Master Planning – Cityscape Architectural Awards

### Some Reference Projects from pre-2011

- **City of Capitals, Moskova:** 2010, The Tallest Building of Europe
- **Çağlayan Court of Justice, Istanbul:** 2010, The Largest Court of Justice of Turkey
- **Dubai Metro:** 2010, The Longest Metro Built in One Go
- **MMK Metalurji A.Ş., İskenderun:** 2010, The Best Metal Project in Europe
- **Palazzo Versace, Dubai:** 2010, The First Hotel With a Refrigerated Beach
- **Tripoli University:** 2010, The Largest University of Libya
- **Sabiha Gökçen Airport:** 2009, World's Best International Public Development Project
- **Mardan Palace Hotel, Antalya:** 2009, The Most Luxury Hotel in Turkey
- **Zonguldak Termic Energy Station:** 2009, The Best Energy Project in Europe
- **380 kV TEİAŞ Davutpaşa - İkitelli Project, Istanbul:** 2007, Turkey's First 380 kV Underground Power Cable Project
- **154 kV TEİAŞ Alibeyköy - Etiler Project, Istanbul:** 2006, Turkey's First 154 kV XLPE 1600 mm<sup>2</sup> Miliken HV Power Cable Project
- **Adam&Eve Hotel, Antalya:** 2006, The Best Design Hotel in Turkey
- **Formula 1 Istanbul Park:** 2004, The Biggest Race Circuit of Turkey

## 2014 ECONOMIC OVERVIEW

Global financial markets have followed a volatile course recently. The ongoing uncertainty about the normalization of global monetary policies caused the global risk appetite and capital flows to be data-sensitive. Data announced for the final quarter of 2014 point to a moderate recovery for economic activity. Having decreased by a mere 0.1% month-on-month in November, industrial production fell by 0.9% from the third quarter during October-November.

Turkish economy grew by 1.7% yoy in the third quarter of 2014 while market expectation was 3% GDP growth. Net exports made 2.5 points contribution to growth in the third quarter. Despite the ongoing problems in Turkey's main export markets such as Russia and Iraq, the momentum in total exports was sustained thanks to the increase in exports destined to the European Union and the US. On the contrary, downward pressure on imports continued as the expected enlivening in domestic consumption expenditures was not materialized. During January-November period, imports decreased by 3.5% and the foreign trade deficit contracted by 15.5% in comparison to same period of previous year to 76 billion USD.

In December, consumer prices edged down by 0.44% and annual inflation fell approximately by 1 point to 8.17% at the year-end. This fall was mainly driven by energy and food prices, yet inflation lost pace in almost all sub-groups. The decline in energy prices continued at a stronger pace in line with the international oil prices. The decline in the underlying trend in inflation got more apparent in services, but remained relatively limited in core goods. Data on the expenditure side point to some increase in private domestic demand for the fourth quarter. During October-November, the production of consumer goods was higher than the previous quarter's average, whereas their imports were lower. An indicator for investments, the production of machinery-equipment remained unchanged quarter-on-quarter, while its imports increased. Domestic sales of automobiles and light commercial vehicles grew robustly in the second half of 2014. Mineral production and construction employment, a proxy for construction investments, have registered moderate increases. Loans, on the other hand, remain on a modest upward track. The seasonally-adjusted

data point to a sustained improvement in the underlying trend of core inflation indicators. The underlying trend in services inflation displays an evident decline, while the improvement in the trend of core goods inflation remained more limited.

Having seen 2.20 level in November, USD/TRY increased rapidly in December as a result of the deterioration in risk perception. Indeed, USD/TRY reached its historical high level with 2.4120 on December 16. EUR/TRY also followed a similar course. With the decline in risk perception as the decisions taken by the FED calmed the markets, USD/TRY and EUR/TRY completed the year at 2.3230 and 2.8258, respectively.

Interest rate of 2 year benchmark bond has dropped to one year low in November thanks to favorable economic outlook for Turkish economy backed by the falling oil prices. However, interest rate increased rapidly in the first half of December, reaching nearly 9%. In the following period, interest rate of 2 year benchmark bond fell and was realized as 8.02% in the year-end. BIST-100 index, on the other hand, rose by 26% in 2014.

According to the Ministry of Finance's announcements In the first 11 months of 2014, central government budget expenditures increased by 11.2% while the expansion in budget revenues was realized as 8.4% on the other hand, interest expenditures exhibited a flat course compared to the same period of the previous year. tax revenues recorded a limited increase of 7.4% due to the moderate course of economic activity in 2014. Regarding the composition of tax revenues in the first 11 months of the year, domestic VAT revenues contracted by 0.6%, while revenues collected from VAT on imports and special consumption tax recorded a limited increase of 2.4% and 5.6%, respectively. On the other hand, during the same period, income tax and corporation tax revenues expanded by 15.8% and 11.1% respectively.



## 2015 ECONOMIC EXPECTATIONS

In the first half of December global risk perception deteriorated substantially, particularly in emerging markets. This stemmed from the growing anticipation of an earlier than expected interest rate hike prior to the FED's December meeting due to the favorable economic conditions in the US, deceleration in Chinese economy verified by latest figures and the heightened concerns related to Russian economy. Uncertainties caused by the downward trend in commodity prices, especially in oil prices, also led to a deterioration of risk perception in global markets. Risk perception towards Turkey also increased in the first half of December due to the developments in global markets as well as the heavy domestic political agenda. In the following period, domestic financial markets also exhibited a favorable outlook in line with the global financial markets. It is expected that capital flows to emerging markets may continue to be volatile in 2015.

There are many factors that might have a favorable effect on the inflation outlook in next year. The recovery of economic activity is likely to be a gradual one and aggregate demand developments are expected to support disinflation. The tight monetary policy stance and the macroprudential measures continue to have a favorable impact

on inflation, especially on inflation excluding energy and food (core inflation) indicators. The adverse impact of cumulative exchange rate developments on annual inflation is also tapering off. Moreover, falling commodity prices, in particular oil prices, contribute to disinflation. In fact, there has been a notable decline in medium-term inflation expectations recently. In light of these positive developments Central Bank of Turkey has (TCMB) expected to cut interest.

TCMB welcomed the development that the Medium Term Program incorporates disinflation as one of the main objectives. Moreover, it was indicated that the implementation of the announced structural reforms would contribute to the potential growth significantly. Any measure to ensure the sustainability of the fiscal discipline and reduce the savings deficit will support macroeconomic stability and contribute positively to social welfare by keeping interest rates of long-term government securities at low levels.





## 2014 SECTOR ASSESSMENT

In 2014, worldwide cable consumption sustained the growth trend it entered in 2009 and reached 16 million tons as a result of the increase in energy cable consumptions especially. On the other hand, on product group basis; while the demand for external copper telecommunications cables continued to decline, demand for optic-fiber cables increased considerably while demand for energy cables continued with a slight increase. While the total worldwide cable production of 2014 remained at the levels of 2013, stiffening competition resulted in most of the production shifting to the developing countries.

While stagnation in the private sector spending continued in Turkey's construction industry, public sector construction spending, which was the propelling factor of the sector's growth in 2013, continued with major infrastructure and superstructure projects in 2014. According to the "2014 Investment Program" published by the Development Ministry, education, health and transportation investments, which correspond to 55% of the total public investment plan, as well as investments including but not limited to hospitals, railroads, educational institutions, all of which have positive impact on cable sector, are expected to increase in 2014. House sales prices, which are on constant decrease since early 2014 in comparison to same period of the previous year, increased in August. Although, it is anticipated that the sector will grow in the medium to long term if the aforementioned increase in house prices continue; we have to also consider the possibility that the increase will not continue in the coming months.

According to the data made available by TEIAS, Turkey's established electricity power capacity was 64,044 MW in 2013 and increased by approximately 7.5% in 2014 to 68,845 MW level. Although natural gas and anthracite coal power stations account for great majority of Turkey's energy production, use of renewable energy sources is increasing every day in Turkey. Hydroelectric and geothermal power stations that were built in the recent years and wind power and solar power harvesting stations that are becoming increasingly popular are clear indications of the importance attached with renewable energy.

According to data made available by Information Technologies and Communication Institution, number of broadband internet subscribers in Turkey in 2013 was 32,5 million and became approximately 40 million which corresponds to a 25% increase. The fact that Turkey's broadband internet penetration is 11% compared to OECD average 27% clearly shows how the optic-fiber cable market must be prioritized. With the advancements continue in optic-fiber cable technologies, there is a recession in copper telecommunication cables sector due to the transition from copper telecommunication cables to optic-fiber telecommunication cables despite that Turkey still has a considerable capacity in copper telecommunication cable production.

Turkey's cable industry, which has an export turnover of approximately 2 billion USD as per TUIK data, exports majority of this production to approximately 150 countries. Despite the political events in Ukraine, Middle East and Iraq, majority of projects undertaken by Turkish contractors in Iraq being halted in August, security concerns in Libya, and continued economic crises in the Europe, a regional liveliness continues in terms of exports thanks to exports carried out by the exporters to UK market in particular, big and prestigious projects undertaken by Turkish contractors in Russian, Turkmenistan and Azerbaijan and serious improvement activities of the Turkish manufacturers that work for these projects.

Perceived quality and product standards being lower than those in European countries such as United Kingdom and Germany and failure in finding a solution for insufficiency of surveillance and audit and resulting low quality production causing circulation in the market of bad quality products that endanger life and property safety are some of the main problems of the sector. Idle capacity resulting from investments made by certain investors in the sector without the financial power in line with unorganized and short term targets cause troubles both for these companies and the sector. Another problem of the sector that is becoming increasingly relevant recently is that both manufacturers and contractors and end users has to manage their cash proceeds and risks due to the fact that these parties all go through cash flow problems.

Nevertheless, comparing the turnovers achieved and R&D investments made by the manufacturers, it would be safe to assert that R&D perception is not very high, that only a part of the sector follows up international advancements, and that most of the custom production or high added value products are imported from abroad. Together with the regulations for rendering all construction materials -as opposed to just cables, fire resistant that are expected to go in effect in the European Union soon, manufacturers that are able to comply with these standards will opt to product diversification by focusing on high added value products while increasing their changes in the export markets.

### Forecasting about company progress

Türk Prysmian Kablo ve Sistemleri AŞ., which is one of the companies of the Prysmian Group with strategic significance, consolidates its technological leadership and continues its works in the issue of developing and marketing products that are in compliance with the latest standards and regulations. Intense R&D works are being exercised in Mudanya Plant in the issue of producing products that comply with the standards and have a high performance, as well as finding solutions that secure an economic advantage for the end users and similar works will continue in the next period. On the other hand, common works are being exercised together with the head office and other R&D head offices making use of the R&D skills of the Prysmian Group and the development of the product range will be targeted by focusing on products with high added values that are used in special applications. The information and training meetings that are being held throughout Turkey in accordance with the initiative **"Attention! All Cables Are Not The Same..."** have been continued in 2014 as regional seminars and new actions and activities will take place also in 2015. Active works have been exercised in 2014 in order to increase the export channels and it has been informed about the variety of the product range with visits in foreign countries, information meetings and seminars, and the information meetings in the same issue will continue to be held in the next period.

## R&D ACTIVITIES

Türk Prysmian Kablo ve Sistemleri A.Ş. delivers its leading innovation and development capabilities to technology end users in the energy and telecommunications cables industry, aiming to further improve its competitive edge; and carries out research on productive, efficient, superior and environment-friendly products and system solutions. Research and Development (R&D) Center located in Mudanya is one of the 17 centers of Prysmian Group R&D family, a sector leader in international platform in the field of cable production and material technologies. With its comprehensive infrastructure and activities carried out, Mudanya R&D Center leads Turkish Cable Industry.

2014 was a year when Research and Development Center owned by Türk Prysmian increased its capacity and capabilities, further developing its portfolio in terms of innovative products and solutions.

The Campaign **“Dikkat! Her Kablo Aynı Değildir..”** (**“Attention! All Cables Are Not The Same...”**), aiming to educate end users and build awareness in relation to low-performance and noncompliant products, which is one of most serious problems of Turkish Cable Industry, and Prysmian Performance Test project that studies cables in terms of compliance to standards, performance, ease of use and affordability had been developed in 2012 and have since been announced to the industry by means of a fairly wide-scale activity program. Activities for this initiative continued throughout the 2013. As a result of positive feedback that we received from the market and from end users, we implemented Phase 3 of **“Attention! All Cables Are Not The Same...”** initiative in 2014, presenting to the industry our reviews of products available in the market as well as our solution proposals for differentiating our products.

Moreover, year 2014 has been a year when considerable R&D investments were made in parallel to our mission of **“Linking Turkey to the Future”**. A CPR (Construction Materials Regulations – Resistance-to-Fire Performance Classification of Cables) infrastructure was established for our Resistance-to-Fire Test Laboratories that was expanded and rendered compliant with European norms, and the scope of our research and product development activities were broadened. Our new laboratory represents the considerable technologic investments we made to our future as an indication of the importance we attach to resistance-to-fire performances.

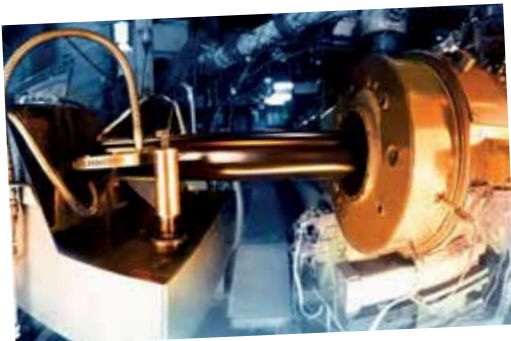
Türk Prysmian made yet another ground breaking initiative with registration of its Material Technologies test Laboratory by Turkish Accreditation Agency (TURKAK) to the accreditation of TS EN ISO/IEC 17025 “General Requirements for the Competence of Testing and Calibration Laboratories”. Granted by TURKAK this certificate indicates that the results of “fire resistance” tests to be carried out at Türk Prysmian Material Technologies Laboratory have international accreditation add that this laboratory is officially accredited on national and international scale.

In order to embody the importance we attach to product safety, quality and performance, Türk Prysmian have had its product and quality certification procedures finalized by BRE LPCB, one of the Europe's most prestigious independent fire resistance laboratories, for our products in Afumex™ installation and energy cable group in 2014. With the cooperation that we established and developed in the aforementioned process, our existing quality system and fire resistance performance of our products will be constantly open for audits by a reputable and independent audit company LPCB is. Again, as a result of Prysmian's activities in a various markets in 2014, our products have passed quality and product certification inspections of reputable organizations including but not limited to BASEC in United Kingdom low voltage energy cables market and Japanese NK in vessel cables market, once again proving their superior performances. Moreover, Türk Prysmian has been the first company in the sector to finalize the harmonization process for and to meet the requirements of Eurasian Customs Union that is being established for Russian and Eurasian markets.

Türk Prysmian launched many groundbreaking innovative products, offering its end users and business stakeholders many superior performance technology products that come with great economic value and ease of use. Development of hybrid optic-fiber cables and high-performance, fire-resistant optic-fiber cables is an example to such projects. Moreover, we have developed special cables for railroad projects in addition to hardy cables that are resistant to cold climate conditions for use in petroleum and gas industries.

Another great success of Türk Prysmian with the help of our R&D Center in 2014 was our participation in “International Wire & Cable & Connectivity Symposium (IWCS 2014)”, one of the most prestigious organizations throughout the World, with our “mud-resistant” optic-fiber cables that are custom developed in Mudanya. In addition to all these activities, meetings were held on many occasions with customers and end users in domestic and international delegate markets and trainings were given at universities. In order to share our expertise with the market better, many technical articles authored by our R&D specialists were published in various sector magazines and communication platforms.

We, at Türk Prysmian R&D Center, will continue developing innovative, latest technology, user friendly and high performance products and systems and carry Turkish Cable Industry one step further everyday with our activities based on our mission of **“Linking Turkey to Future”**.



## ATTENTION! ALL CABLES ARE NOT THE SAME...

**Türk Prysmian Kablo ve Sistemleri A.Ş., after almost two years of market analysis and product tests and development launched the biggest awareness and educational campaign in the history of the Turkish cable market.**

Despite an increasing number of fires (in Istanbul, +32% only in '11 vs '10), more and more multi-storey buildings (+30% between '07-'11) and a general inconsistency in terms of quality, performance, safety and ease-of-use of the cable the market research showed that the general perception is that all cables are the same in the Turkish market. This was the starting point for two years' development of this comprehensive project of Turk Prysmian that heavily involved local and HQ R&D, marketing and sales.

Despite the cost of cable represents on average less than 1% of total cost of construction projects, choosing the right cable makes a significant difference. Türk Prysmian, with its belief to the need of living in a safe and more efficient world, in order to increase the awareness of Turkish cable sector, started a new initiative named **"Attention! All Cables Are Not The Same...!"**. The focus of this project is to raise the awareness that all cables are not the same and to educate all the stakeholders in the market that it is important to be careful when choosing the cable solution and brand to have a safe, good performance and importantly save on the total cost of ownership.

The project started by an in-depth investigating the current market situation and to understand in detail the work of the electricians, project companies and installers. After this, R&D developed a comprehensive number of cable tests that do not only cover geometrical tests, electrical tests, mechanical tests and performance tests but also "usability" test that calculates the economical impact of ease and speed of installation. Throughout the period R&D did many tests on different brands and cables and continuously improved the performance of the Prysmian Group solutions.

To support the initiative a fully integrated communication and educational campaign was developed with a strong key visual and a simple but strong headline "Attention! All Cables Are Not The Same...!". Additionally, a dedicated web site [www.prysmianperformanstesti.com](http://www.prysmianperformanstesti.com) is developed, advertisements are published in selected trade magazines, co-branded communication materials are prepared with key business partners, PR/ press campaign is realized, an iPhone App as well as a strong social media campaign on facebook, twitter, youtube, daily motion and vimeo are developed.

During "Attention! All Cables Are Not The Same..." initiative, 3 waves are completed until the end of 2014. Additional to 3-7 December 2012 launch week activities for the 1st wave, many seminars are organized with Turk Prysmian's R&D, production, marketing and sales teams and also with the main target people of the company covering electrical engineers, project companies, installers and contractors. As part of the process, the initiative is shared directly with approximately 2100 people in Adana, Ankara, Antalya, Bursa, Eskişehir, Istanbul, İzmir, Mudanya, Sakarya, Trabzon and Erbil-İraq. To reach more people, a live seminar is realized on internet. In the meantime, the number of tests is reached to 6300. Moreover, 124 different point-of-sales across 14 different cities of Turkey are decorated with promotional materials, A-Team distributors' windows are branded with the initiative's posters and our company's stickers, the initiative's communication materials are sent to the sector professionals, projects companies, contractors, installers, subdealers and many people from the sector once again. Additional to all these activities, a software programme named as KABLÖMATİK™ that allow the user to make cable calculations in a very practical way and to save on time is developed. KABLÖMATİK™ application is available free of charge on Android, Windows and Blackberry with the name "Kablomatik" and is ready under "Prysmian Performans Testi" application on iPhone.

Finally in 2014, as a following step of this initiative, Turk Prysmian accredited the reliability of the results of the fire tests realized in its laboratories to evaluate the performance of the cable under fire to Turkish Accreditation Agency. Turk Prysmian with this certificate once again putted its sign to a "first" in its sector. It's proved that the results of the fire tests done in Turk Prysmian's laboratories, R&D center which is one of 17 R&D Center within Prysmian Group are appropriate and reliable.

Türk Prysmian, is proud of realizing a "first project" in Turkish cable sector with its project developed in the context of this initiative **"Prysmian Performance Test"** (PPT) project that keeps the same speed since 2012.

### **PRYSMIAN PERFORMANCE TEST**

PPT results show that the Prysmian Group solutions, not only ensures you safe and higher performance but also allows you to work faster reducing the labour cost by up to 50%\* and reducing the total cable cost by up to 12%\*.

The main advantages of the right cable decision are safety, performance and economic advantage.

**SAFETY:** Throughout the lifecycle of the cables, they are required to ensure that the transmission function; is one-to-one associated with the quality of the materials used, the design and production technologies. By use of a cable is not correctly selected or manufactured outside the standards, such as losing its function in a short period of time, can cause electrical leakage and fire. Projects that increase the value and safety of cables are used in this context is an essential element.

**PERFORMANCE:** In case of, flame retardant cables, with the spread of flame around for cables is critical to keep to a minimum. However, low toxic smoke gas extracting feature prevents poisoning. Low smoke density and increasing the visibility of vital importance in order to facilitate the evacuation process. In addition, during a fire, fire alarm, emergency exit lighting, ventilation fan, fire, water pump, fire systems, such as lift cables used to carry on the function saves lives. According to research, the main cause of fire deaths (70%), smoke and gases resulting from the combustion of materials. On the effects of the spread of fire and smoke the best-known example of a fatal, resulting in the death of 17 people in 1996, Düsseldorf Airport fire disaster. cable installed in the trays burned and as a result of the combustion of electric cables, passengers have been exposed to the deadly toxic smoke. Therefore, in order to ensure the safety of life and property in case of fire high performance cables should be preferred.

**ECONOMIC ADVANTAGE:** To comply with construction standards and high performance cables, as well as in case of fire, use ease is also important. Cables during installation, create efficiency on labor and on-time advantage. Cable workmanship, comfortable stripping of the outer sheath vessels, filling materials over the cores does not remain within the cable during installation, installing cables easily through the pipes increases the efficiency of labor.

[www.prysmianperformanstesti.com](http://www.prysmianperformanstesti.com)

*\*It is based on the reports by independent bodies.*

## CORPORATE SOCIAL RESPONSIBILITY

Since 1964, the first day of its establishment, Türk Prysmian Kablo ve Sistemleri A.Ş. works on multiple themes in corporate social responsibility. When the last 10 years of the company are examined, it's very obvious that Türk Prysmian focuses particularly on educational and art projects and at the same time takes as its responsibility to meet the public needs.

In 2008, Türk Prysmian supported the **“Uluabat Lake Management Plan, Stork Friendly Villages Project”**. As part of the project, Türk Prysmian aimed to renovate the electricity system of Eskikaraağaç Village in Karacabey provincial district in collaboration with the village to replace the bare copper conductors with insulated wires and eventually prevent the storks that hit the village's power lines from injuries.

Türk Prysmian, during the same year, supplied the cable infrastructure and donated the cables for the **Turkish Hearing and Speech Rehabilitation Foundation** to build a center for deaf children aged 0 - 6 who are not provided with proper education.

In addition to these projects, in 2008, Türk Prysmian published a book titled **“Tirilye - from past to present”** written and photographed by travel writer Reyhan Tüvi to contribute to the promotion and the cultural heritage of the region where Türk Prysmian's factory is located.

Türk Prysmian also renovated the **Balabancık Village Primary School** in Bursa where the company's factory is located. Following the reopening ceremony in October 7, 2009; education in the school resumed. The project has enabled Balabancık Village's students to be educated in their own village instead of commuting to another village.

Türk Prysmian provided the cable infrastructure and donated the cables for **Istanbul Technical University's Solar Car** which participated in the World Solar Challenge in Australia - one of the most important races of its kind in the world. Istanbul Technical University's Solar Car Team formed by mechanical, electrical and organizational subgroups that first got together in 2004 returned from the 4000km race with the **“Best Newcomer Award”**.

Furthermore, Türk Prysmian donated some equipment to **Yakacık Hatice Abbas Halim Kindergarten's** gym to contribute to the renovation process of the school in 2009, aiming to ensure that the children have the chance to exercise during their education.

Türk Prysmian and Mimar Sinan Fine Arts University reached a mutual agreement in late 2009 to carry out the second **“Cable in My Life Art Workshop”** which was first held in 2008. The purpose of the workshop which took place on April 7-14, 2010 with the participation of students from Mimar Sinan Fine Arts University was for the students to individually create unique pieces of art using different types of industrial cables as well as to provide contribution to education and arts. The art works created by the students were exhibited at Prysmian's Mudanya factory from April 15 to May 21, at Mimar Sinan Fine Arts University from May 27 to June 11 and at Rahmi M. Koç Museum from July 13 to July 27.

In 2011, Türk Prysmian provided the cable infrastructure of **“Sahne Hal”**, the stages built by **“Tiyatro Hal”** with their own means. By donating the cables for **“Sahne Hal”** located in Mecidiyeköy, İstanbul, Türk Prysmian once again showed its regard for arts.

Türk Prysmian continued to support various **educational institutions** in 2012, namely Hatice İsmail Hakkı Kayan Primary School, İkbâl-Betül-İhsan Çilingir Primary School, Ahmet Rüştü High School, and NOSAB Primary School.

Giving priority to the development of Mudanya region where the factory is located, Türk Prysmian, in collaboration with Mudanya Municipality, Mudanya Police Department, Mudanya Justice Department, Tirilye Youth and Sports Directorate, Mudanya Tuberculosis Control Association, and 911 Search and Rescue Association, carried out a number of projects in 2012 to ensure that the **residents** are better served.

Aside from the contributions provided to the residents in the region, Türk Prysmian has also continued to support its **employees** and donated 38 computers.

In 2013, Türk Prysmian, in **“Fire Prevention Week”** organized a visit with its employees' children and students from Hatice İsmail Hakkı Kayan Elementary School. During the visits organized between 28th of September and 1st of October, the children while having fun, found the opportunity to learn useful information about the fire department.

Also TL55,750 was donated to **various institutions** in 2013.

Türk Prysmian giving 23 **scholarships to its employees' children** in 2013-2014 educational year, gave additional 26 scholarships to its employees' high school and university students' children in 2014-2015 educational year.

Additional to that, the company **donated in kind** Çamlıca Anadolu High School, Mudanya 12 Eylül Primary School, NOSAB Primary School and supported the residents of the region where its factory is located by giving 7.366 TL **cash donation** to various institutions including Mudanya Safety Department.

Türk Prysmian while celebrating its 50th year anniversary in 2014 feels the enthusiasm of the next 50 years more than the last 50 years, will definitely to be a part of similar projects and activities.



## FINANCIAL ANALYSIS



### OVERVIEW

We have completed the 2014 operation year with success through the implementation of company policies and strategies despite the economic recession in Europe, the negative movements of risk perception towards developing countries and the fluctuations in exchange rates in our country in particular.

Below are the **Important Financial Issues requiring Attention**:

- **Total Assets...** 51 million TL cash increment through improvement in feasibility and business capital (from 589 million TL to 640 million TL)

- **Revenues...** 961 million TL with an increase of 22% compared to the previous year, (Previous year's revenues 822 million TL)

- **Gross Profit...** An increase of 18% through increased sales,

- **R&D...** 1,7 Million TL of funds to improve product quality and innovation,

These solid developments have been achieved primarily through the consistency and commitment in the Company's policies towards strategic goals. The detailed balance sheet and income table for the 2014 operation year has been provided in the Independent Auditor's Report and below are the explanatory information on the balance sheet and income table.

### ASSETS

Our cash balance is TL14,929, comprised of 2,153 of Turkish Liras and TL12,776 of foreign currency. Our current deposits in the bank amount to TL157,554,294, which reveals a decrease by 7% compared to the previous year. The total amount of cheques received is TL1,398,011.

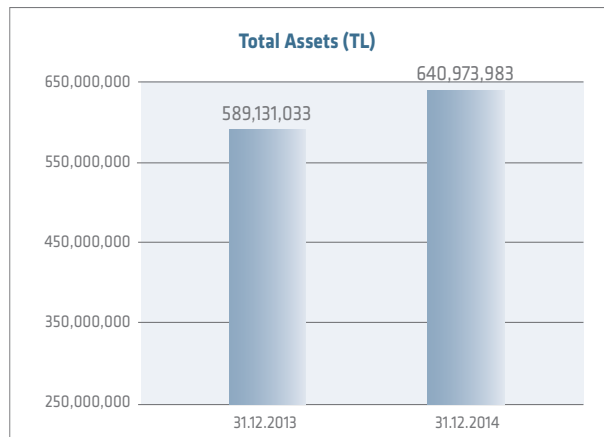
Our short term trade receivables equaled to TL224,359,051. The average collection period for the receivables was 80 days.

A total of TL1,658,373 rediscount has been calculated for the total amount of TL108,747,731 balance in the notes receivables account. This entire amount is the provision reserved within the year with balances from the previous years. The provisions reserved for the collection risks of domestic and foreign receivables is TL21,524,440. The balance of receivables from affiliates is TL4,573,264, comprised in full amount of the receivables from associated companies.

Our stocks amounted to TL90,612,591. Of the stocks, the primary materials and supplies totaled to TL22,783,009, with semi-finished products of TL22,895,964, trade goods of TL5,138,324 and finished products of TL41,585,509. The provision reserved for stocks amount to TL1,790,215.

The total amount of other current assets was TL36,184,858, consisting of TL8,362,252 for advances given for purchase orders, TL16,853,019 for Tax Office receivables, TL10,576,451 for deferred VAT and the remaining amount for other various current assets.

The total net amount of tangible assets is TL41,808,361 after adding the additional amounts to net values of real assets at the beginning of the year and deducing the outflows and amortization. Intangible assets amount to TL80,469.



## LIABILITIES

In general, the primary financial instruments used by the Company are the operation capital and bank loans. As of 31 December 2014, there are no financial liabilities resulting from bank loans.

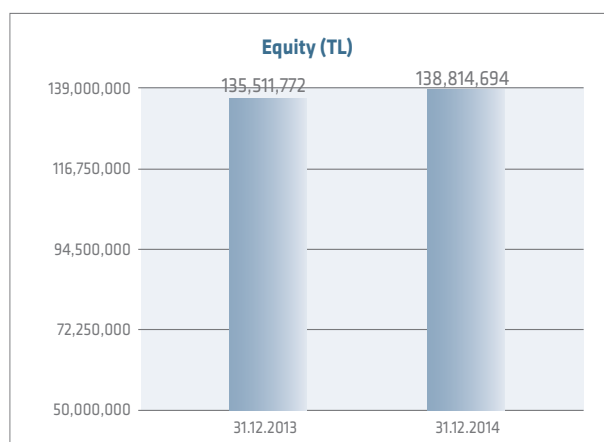
Our trade liabilities were TL408,394,973. Of the trade liabilities, the liabilities to suppliers comprise of TL387,222,865 for payables to non-affiliated suppliers and TL21,172,108 for payables to abroad associated suppliers.

TL7,662,612 is the provision for the seniority pay at the end of accounting period reserved to be paid to staff members, as stipulated in the Labour Law, calculated through the upper limit of TL3,438.22.

As for legal reserves, the primary legal reserve is allocated in the amount of 5% of the net profit for each year until the amount is equal to 20% of the paid capital. In this context, the balance of current legal reserve at the end of accounting period is TL4,421,732.

The amount of Paid Capital is TL112,233,652 as of 31 December 2014.

The net term profit in 2014 operation year is TL11,810,474.



## INCOME TABLE

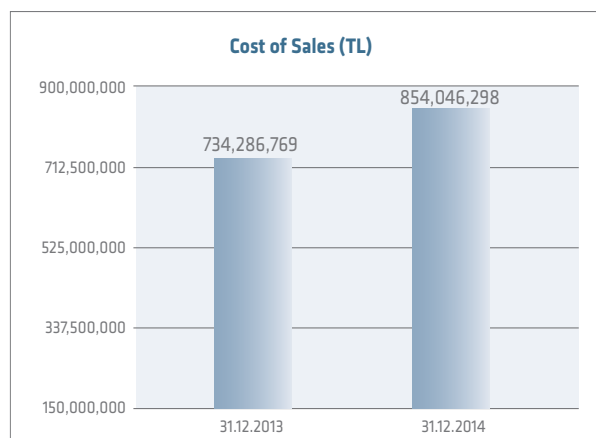
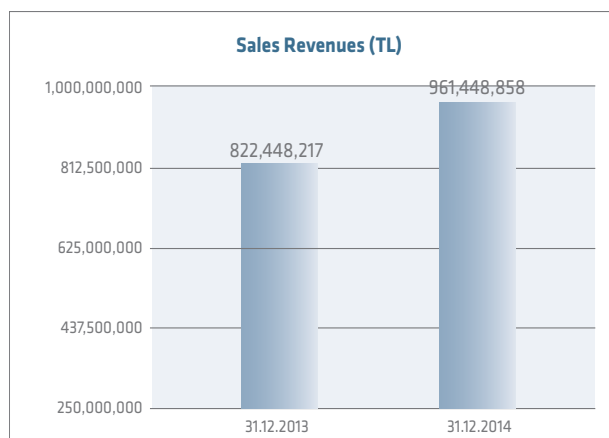
Gross sales were raised by approximately 15% compared to the previous year, reaching TL1,404,529,396. Our domestic sales were TL1,127,764,491 and export sales were TL276,764,905. The sales deductions amount to TL443,080,538.

The cost of sold goods with total value of TL854,046,298 equals to 89% of net sales. The cost of goods sold is comprised of the expenses for raw materials and auxiliary materials, direct labour and general production expenditures, reserve for amortization and the variations in semi-finished product and product stocks.

The operation costs for this year was around 8% of net sales. In this context, the R&D expenses amounted to TL1,746,149, equal to approximately 0,2% of net sales expenses, in line with Company's focus on research and development.

The marketing, sales and distribution costs were TL42,640,318, around 4.4% of net sales, while administrative expenses were TL31,210,918, around 3.5% of sales expenses.

The net real operating costs were TL17,635,927. The highest portion of this amount is the transaction costs for the forward contracts against currency impact and currency difference.



## THE STATEMENT OF RESPONSIBILITY & DIVIDEND DISTRIBUTION PROPOSAL

### TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş.

#### THE STATEMENT OF RESPONSIBILITY AS PER CAPITAL MARKETS BOARD'S COMMUNIQUE SERIAL:II NUMBER 14.1 ARTICLE 9

#### THE BOARD OF DIRECTORS RESOLUTION RESOLVED ON ACCEPTANCE OF FINANCIAL STATEMENTS AND FOOTNOTES:

MEETING MINUTES DATE : 27/02/2015 - 05/03/2015  
MEETING MINUTES NUMBER : 2015/02 - 2015/05

#### We hereby declare the following;

- a) January 1, 2014 to December 31, 2014 consolidated financial statements of our company, prepared in comparison with the previous year, footnotes and January 1, 2014 to December 31, 2014 annual report thereof were reviewed by us;
- b) To the best of our knowledge in the field and area of our responsibility within the Company, financial statement and annual report include no misinterpretation or false remarks or explanations in any of the important aspects as of the date of remark;
- c) To the best of our knowledge in the field and area of our responsibility within the Company, financial statements, which were prepared in line with financial reporting standards in place, reflect the truth pertaining to assets, obligations, financial standing, and profit and loss standing of the enterprise, and annual report reflects the truth, along with all important risks and uncertainties that surround the enterprise, pertaining to performance and progress of business and activity results.

### TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş. BOARD OF DIRECTORS RESOLUTION

Resolution No. : 2015/03

Date: 27/02/2015

#### DIVIDEND DISTRIBUTION PROPOSAL

In consideration of the provisions of Turkish Commercial Code (TTK), Capital Market Legislation, Capital Market Law (SPKN.), Capital Market Board (SPK) Regulations/Decisions, Corporate Tax Law, Income Tax Law, Tax Procedural Law (VUK) and other relevant legal statutes, the relevant provisions of the Articles of Incorporation of our Company and the "Profit Distribution Policy";

- The generated Profit for the Fiscal Year has been 11.810.474.-TL according to the financial statement for the fiscal year 01.01.2014 - 31.12.2014, the submission principles of which have been defined as per the relevant decisions of the SPK and which has been subject to independent auditing and drawn up in accordance with the provisions of the "Communique of the Principles of Financial Reporting in the Capital Market" (II-14.1) of the SPK and in compliance with the Turkish Accounting Standards and Turkish Financial Reporting Standards published by the "Public Oversight, Accounting and Auditing Standards Authority".
- In addition, the "Net Loss" has been 13.874.183,18 TL in the fiscal year 01.01.2014 - 31.12.2014 as per our legal records kept within the scope of TTK and VUK.
- Since the upper limit for the dividends to be distributed has been defined as the distributable amount of the relevant dividend sources included in the legal records in accordance with the Dividend Guideline published in the Weekly Bulletin dated 27.01.2014 and no. 2014/2 of the SPK;

It has been unanimously resolved to submit below decisions to the approval of the General Assembly and notify the shareholders and,

- not to distribute dividends in relation to the fiscal year 01.01.2014 - 31.12.2014 and,
- to reserve as "Extraordinary Reserve" such 11.810.474 TL which has been generated in the consolidated accounts drawn up in the fiscal year 01.01.2014 - 31.12.2014 within the frame of the belowmentioned provisions of the SPK.

<b>CHAIRMAN</b> Halil İbrahim Kongur	<b>VICE CHAIRMAN</b> Erkan Aydođdu
<b>MEMBER</b> DRAKA HOLDING B.V Fabio Ignazio Romeo	<b>MEMBER</b> Hans Gunnar Staffan Högstedt
<b>MEMBER</b> Alberto Maria Tagliabue	<b>MEMBER</b> Ali Aydın Pandır
<b>MEMBER</b> Ayşe Canan Eđibođlu	<b>MEMBER</b> Mehmet Emin Tutan

## ORDINARY GENERAL ASSEMBLY AGENDA

1. Opening of the Meeting and formation of the Meeting Council,
2. Authorization of the Meeting Council to sign the Minutes of the General Assembly Meeting,
3. Review of the Reports issued by the Board of Directors and Independent Auditing Company DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Financial Tables of the Company belonging the Accounting Period between 01.01.2014 – 31.12.2014.
4. Discussion and approval of all the financial tables, reports and accounts which are prepared by the Board of Directors and Independent Auditing Company pursuant to the CMB, TCC, TPL and all other related legislation, release of each member of the Board of Directors,
5. Discussion and voting of the proposal made by the Board of Directors in connection with the distribution of the profit made in the Accounting Period between 01.01.2014 – 31.12.2014,
6. Approval of the appointments of the Board Members during the period in accordance with Article 363 of TCC,
7. Furnishing information to the General Assembly on the donations given the during the year 2014 and obtaining approval in this respect, Determining the upper limit of the donations for 2015.
8. Furnishing information to the General Assembly pursuant the CMB legislation, on the guarantees, liens and mortgages given to the third parties.
9. Approval of the Independent Auditing Company to audit the activities and accounts of 2014 in frame of Capital Market Board Regulations and 6102 numbered Turkish Commercial Code which is selected by the Board of Directors based on the suggestion of Audit Committee
10. Authorization of the shareholders who have the control of management, the members of the Board, the senior officers, and their spouses, consanguinities and affinities up to second degree, to perform the transactions mentioned with the Corporate Governance Principle 1.3.6 and 1.3.7 under the CMB communique Serial No:171 and authorization of relevant persons for the such transactions and their allowance to compete; furnishing information to shareholders if such transactions have already been performed during this period
11. Approval of the activities mentioned under Article 14 of the Articles of Association of the company realized until the General Assembly and grant prior authorization for the same activities to be realized after the General Assembly.
12. Recommendation and Adjournment,





## INDEPENDENT AUDITOR'S REPORT

### INDEPENDENT AUDITOR REPORT RELATED WITH THE ANNUAL ACTIVITY REPORT OF THE BOARD OF DIRECTORS

**Türk Prysmian Kablo ve Sistemleri A.Ş. To the attention of the Board of Directors**

**Report related with the Audit of the Annual Activity Report of the Board of Directors in accordance with the Independent Audit Standards**

We have audited the annual activity report of the company Türk Prysmian Kablo ve Sistemleri A.Ş. ("Company") related with the fiscal term that ended on December 31, 2014.

#### ***The Responsibility of the Board of Directors related with the Annual Activity Report***

The company management is responsible for the issuance of the annual activity report in compliance with the financial statements and reflecting the truth in accordance with Article 514 of the Turkish Commercial Code ("TTK") No. 6102 and the Communiqué of the Capital Markets Board ("SPK") in relation with the "Principles related with Financial Reporting in the Capital Market" No. 14.1; the company management is also responsible for the internal audit that is deemed to be necessary for the securing of such an activity report.

#### ***Responsibility of the Independent Auditor***

Our responsibility is the issuance of an opinion related with the activity report of the Company based on the independent audit we have carried out in accordance with Article 397 of TTK and the Communiqué, if the financial information in the activity report is in compliance with the financial statements of the Company or not and if it reflects the truth or not.

The independent audit we have carried out has been effected in accordance with the Independent Audit Standards ("BDS") that is an integral part of the Turkish Audit Standards published by the Public Oversight Accounting and Auditing Standards Authority. These standards require that the independent audit will be planned and carried out in such a way that the compliance with ethical provisions is secured and a reasonable guarantee will be established in relation with the fact that the financial information in the financial statements is in compliance and that they reflect the truth.

The independent audit includes the application of the audit procedures in order to obtain the audit evidence about the historical financial information. These procedures will be selected in accordance with the professional judgment of the independent auditor.

We believe that the independent audit evidences which we have achieved during the independent audit form a sufficient and proper basis so that we can form our opinion.

#### ***Opinion***

From our point of view, the financial information in the annual activity report of the Board of Directors are in compliance with the audited financial statements in all significant aspects and reflect the truth.

#### ***Other Obligations arising from the Legislation***

No issues have been determined that have to be reported in relation with the non-continuance of the activities of the Company in the foreseeable future in accordance with Article 402, Paragraph 3 of TTK and BDS 570 "Continuity of the Company."

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



Özkan Yıldırım, SMMM  
Responsible Auditor

Istanbul, March 5, 2015

## INDEPENDENT AUDITOR'S REPORT

### INDEPENDENT AUDIT REPORT REGARDING CONSOLIDATED FINANCIAL STATEMENTS

**Türk Prysmian Kablo ve Sistemleri Anonim Şirketi**  
**To the Board of Directors;**

We have audited the enclosed consolidated financial tables of Türk Prysmian Kablo ve Sistemleri Anonim Şirketi (hereinafter the "Company") and its affiliates (collectively the "Group") consisting of financial statement dated December 31, 2014, and consolidated profit and loss statement and other comprehensive income statement, consolidated equity changes table, consolidated cash flow table, footnotes summarizing important accounting policies, and other explanatory notes for the period that ended on December 31, 2014.

#### **Management's Responsibility Regarding the Consolidated Financial Statements**

Group management is responsible for having consolidated financial tables prepared in accordance with the Turkish Accounting Standards (hereinafter "TMS"), presenting them in a truthful manner, and enforcing the internal audit that they deem necessary in order to ensure that consolidated financial statements do not contain any significant erroneous or deceptive mistakes.

#### **Responsibilities of the Independent Audit Firm**

Our responsibility is to express our opinion regarding these consolidated financial statements based on our independent audit. Independent audit was carried out in compliance with Independent Audit Standards published by the Capital Market Board and in accordance with Independent Audit Standards, included in Turkish Audit Standards published by the Public Oversight Accounting and Auditing Standards Authority (hereinafter "KGK"). Aforementioned standards entail that ethical provisions are complied with and that independent audit is planned and carried out in such way that consolidated financial statements do not contain any significant errors.

Independent audit encompasses implementation of the audit procedures in order to obtain audit evidence regarding amounts and explanations included in the financial statements. Choice of these procedures, including but not limited to assessment of erroneous or deceptive mistakes that might exist in consolidated financial statements, is up to professional judgment of the auditor. While carrying out the risk assessments, independent auditor assesses the internal audit that is applicable on preparation and truthful presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances; however, such assessment is not intended to provide any insight with regards to the efficiency of the Company's internal audit. In addition to an assessment of presentation of the consolidated financial statements as a whole, independent audit also includes an evaluation to ascertain that accounting policies used and accounting forecasts carried out by the Company's management are appropriate.

We believe that the independent audit evidences that we obtained in the course of our independent audit constitute a sufficient and appropriate basis for our opinion.

#### **Opinion**

In our opinion, consolidated financial tables truthfully reflect the financial standing of Türk Prysmian Kablo ve Sistemleri Anonim Şirketi and its affiliates as of December 31, 2014, and their financial performance and cash flow up to the aforementioned date with all significant aspects in compliance with Turkish Accounting Standards.

#### **Report Pertaining to Other Obligations Under the Provisions of the Legislation**

In reference to the provisions of Code 6102, Turkish Commerce Code (hereinafter the "TTK"), Article 402, Paragraph (4), we haven't detect anything that could be construed as the book keeping and financial statements of the Group for the period between January 1st - December 31st, 2014, violates any of the financial reporting provisions of the TTK and those of the Articles of Association of the Company.

As per the provisions of the TTK, Article 402, Board of Directors provided us explanations we demanded as well as information we requested.

Auditors' Report on Early Risk Detection System and Committee, which is governed by the provisions of TTK, Article 398, Paragraph (4), has been submitted to the Group's Board of Directors on February 27, 2015.

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

Özkan Yıldırım, Certified Public Accountant  
Auditor In Charge

Istanbul, February 27, 2015

## FINANCIAL STATEMENTS

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.  
AND SUBSIDIARIES

## INDEPENDENT AUDITED CONSOLIDATED BALANCE SHEET DATED 31 DECEMBER, 2014

[All amounts are indicated in Turkish Liras (TL)]

	Foot Note References	Current Period December 31, 2014	Rearranged Previous Period December 31, 2013
<b>ASSETS</b>			
<b>Floating Assets</b>			
Cash and Cash Equivalents	29	598,987,890	542,639,543
Trade Receivables		158,967,234	172,260,139
<i>Trade Receivables From Affiliated Parties</i>		224,359,051	202,859,132
<i>Trade Receivables From Non-Affiliates</i>	3	4,573,264	9,303,635
Receivables Under Construction Contracts	4	219,785,787	193,555,497
Other Receivables	17	59,120,147	35,334,285
Derivative Instruments	5	159,812	284,836
Inventories	24	14,184,693	11,852,610
Prepaid Expenses	6	90,612,591	79,245,135
Assets Regarding Current Period Tax	7	4,047,306	7,386,903
Other Floating Assets	21	11,352,198	1,611,136
	14	36,184,858	31,805,367
<b>Fixed Assets</b>			
Tangible Fixed Assets	8	41,986,093	46,491,490
Intangible Fixed Assets	9	41,808,361	45,136,731
Prepaid Expenses	7	80,469	41,921
Deferred Tax Asset	22	97,263	9,288
		-	1,303,550
<b>TOTAL ASSETS</b>		<b>640,973,983</b>	<b>589,131,033</b>
<b>LIABILITIES</b>			
<b>Short Term Liabilities</b>			
Trade Payables		454,756,536	418,620,981
<i>Trade Payables to Affiliated Parties</i>		427,575,057	394,272,675
<i>Trade Payables to Non-Affiliates</i>	3	21,172,108	37,751,370
Payables in Form of Employee Benefits	4	406,402,949	356,521,305
Other Payables	12	2,216,491	1,581,651
Derivative Instruments	5	135,144	356,812
Deferred Revenues	24	6,494,681	2,700,733
Short Term Provisions	7	9,568,192	11,192,837
<i>Short Term Provisions of</i>		2,122,601	6,846,238
<i>Employee Benefits</i>	12	1,288,351	6,289,053
<i>Other Short Term Provisions</i>	10	834,250	557,185
Other Short Term Liabilities	14	6,644,370	1,670,035
<b>Long Term Liabilities</b>			
Long Term Provisions for		47,402,753	34,998,280
Employee Benefits	12	7,662,612	6,490,157
Deferred Revenues	7	36,797,048	27,012,862
Other Long Term Provisions	10	2,071,443	1,495,261
Deferred Tax Liability	22	871,650	-
<b>EQUITY</b>			
Paid-In Capital	15	138,814,694	135,511,772
Not to be Reclassified in Profit or Loss	21	112,233,652	112,233,652
Accumulated Revenues and Expenses of Other Nature		(1,764,800)	(420,000)
<i>Accumulated Revaluation Losses of the</i>			
<i>Defined Benefit Plans</i>		(1,764,800)	(420,000)
Limited Profit Reserves	15	7,400,324	6,860,066
<i>Legal Reserves</i>		4,421,732	3,881,474
<i>Other Reserves</i>		2,978,592	2,978,592
Past Years' Profits		9,135,044	7,692,162
Net Period Profit		11,810,474	9,145,892
<b>TOTAL LIABILITIES</b>		<b>640,973,983</b>	<b>589,131,033</b>

Attached footnotes are integral parts of this consolidated financial statement.

TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş.  
AND SUBSIDIARIES  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**AUDITED INDEPENDENTLY FOR THE TERM DECEMBER 2014**  
[All amounts are indicated in Turkish Liras (TL)]

	Foot Note References	Current Period January 1st - December 31, 2014	Rearranged Previous Period January 1st - December 31, 2013
<b>PROFIT OR LOSS PORTION</b>			
Revenue	16	961,448,858	822,448,217
Cost of Sales (-)	16	(854,046,298)	(734,286,769)
<b>GROSS PROFIT</b>		<b>107,402,560</b>	<b>88,161,448</b>
General Management Overhead (-)	18	(31,210,918)	(28,888,629)
Marketing Costs (-)	18	(42,640,318)	(43,666,964)
Research and Development Costs (-)	18	(1,746,149)	(1,494,674)
Other Revenues from Main Activities	19	21,870,808	32,236,292
Other Costs of Main Activities	19	(39,506,735)	(34,827,322)
<b>OPERATING PROFIT</b>		<b>14,169,248</b>	<b>11,520,151</b>
Revenues from Investment Activities	20	152,626	116,769
<b>PROFIT BEFORE TAX</b>		<b>14,321,874</b>	<b>11636920</b>
<b>Tax Liability</b>		<b>(2,511,400)</b>	<b>(2,491,028)</b>
Tax Expenditure in the Period	22	-	-
Deferred Tax Liability	22	(2,511,400)	(2,491,028)
<b>PERIOD PROFIT</b>		<b>11,810,474</b>	<b>9,145,892</b>
<b>Other Comprehensive (Expense)/Revenue</b>			
<b>Not to be Reclassified in Profit or Loss</b>	21	<b>(1,344,800)</b>	<b>216,800</b>
Benefit Plans Defined			
Revaluation (Losses)/Gains		(1,681,000)	271,000
Deferred tax revenue/(expense) pertaining to other comprehensive revenue		336,200	(54,200)
<b>TOTAL COMPREHENSIVE REVENUE AFTER TAX</b>		<b>10,465,674</b>	<b>9,362,692</b>
<b>Profit per share</b>	23	<b>0.105</b>	<b>0.081</b>



TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş.  
AND SUBSIDIARIES

**CONSOLIDATED CASH FLOW STATEMENT AUDITED INDEPENDENTLY FOR THE TERM FROM 1 JANUARY TO 31 DECEMBER 2014**

[All amounts are indicated in Turkish Liras (TL)]

	Foot Note References	Current Period January 1 - December 31, 2014	Rearranged Previous Period January 1 - December 31, 2013
<b>A, Cash Flows Generated by Activities</b>			
<b>Net Profit Before Tax</b>		<b>14,321,874</b>	<b>11,636,920</b>
<b>Corrections:</b>			
- Corrections for Amortization and Depreciation Costs	8-9	5,760,535	5,705,663
- Corrections for Cost of Bad Debts	4	1,692,273	1,532,776
- Corrections for Low Value Cancellation	6	166,877	(62,605)
- Corrections for Interest Revenues and Expenditure	19	(1,615,827)	(2,301,753)
- Corrections for Provisions	10	277,826	(765,614)
- Corrections for Provisions of Severance Payments	12	955,042	979,070
- Corrections for Provisions of Premiums/Unused Leaves	12	(749,282)	(3,220,240)
- Corrections for Losses/Gains Resulting from Sales of Fixed Assets	20	(152,626)	(116,769)
- Corrections for Rediscount Cost, net	19	235,877	743,014
- Corrections for Derivatives Valuation, net	19	2,332,083	11,852,610
<b>Net cash before the changes occur in operating capital</b>		<b>44,421,273</b>	<b>45,702,283</b>
- Corrections for Increases in Inventories		(11,534,333)	(14,010,385)
- Corrections for Increases in Trade Receivables		(23,350,035)	(40,903,516)
- Corrections for Increase in Other Receivables from Activities		(28,286,250)	(54,591,816)
- Increase in Remunerations Under Ongoing Construction Projects		(23,785,862)	(35,250,636)
- Corrections for Decreases in Trade Receivables		33,224,348	182,276,350
- Corrections for Decrease / (Increase) in Other Payables from Activities		29,234,437	(6,929,375)
<b>Changes in operating capital</b>		<b>(24,497,695)</b>	<b>30,590,622</b>
Cash Inflow from Derivative Instruments	19	14,070,408	14,028,439
Cash Outflow from Derivative Instruments	19	(17,288,764)	(5,884,761)
Tax Payments	22	(2,400,081)	(1,552,682)
Severance Payments Made	12	1,463,587	(1,764,340)
Interest Received	19	1,804,481	2,923,591
<b>Cash Flows Generated by / (Used in) Activities</b>		<b>(3,623,412)</b>	<b>64,323,941</b>
<b>B, Cash Flows Originating from Investment Activities</b>			
Cash Outflows Resulting from Purchases of Tangible and Intangible Fixed Assets			
Cash Outflows	8-9	(2,484,852)	(3,208,627)
Cash Inflows Resulting from Sales of Tangible Fixed Assets		166,765	116,923
<b>Net Cash Used in Investment Activities</b>		<b>(2,318,087)</b>	<b>(3,091,704)</b>
<b>C, Cash Flows from Financing Activities</b>			
Dividends Paid	15	(7,162,752)	(7,140,598)
Interest Paid	19	-	(640,851)
<b>Net Cash Used in Financing Activities</b>		<b>(7,162,752)</b>	<b>(7,781,449)</b>
<b>NET (DECREASE) / INCREASE IN CASH EQUIVALENTS</b>		<b>(13,104,251)</b>	<b>53,450,788</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>172,055,937</b>	<b>118,605,149</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	29	<b>158,951,686</b>	<b>172,055,937</b>

Attached footnotes are integral parts of this consolidated financial statement.

## FOOTNOTES

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.**  
**AND SUBSIDIARIES**  
**FOOTNOTES FOR CONSOLIDATED FINANCIAL STATEMENTS AUDITED INDEPENDENTLY AS OF 31 DECEMBER 2014**  
[All amounts are indicated in Turkish Liras (TL)]

**1. THE GROUP'S ORGANIZATION AND FIELD OF ACTIVITY**

Established and active in Turkey, Türk Prysmian Kablo ve Sistemleri A.S. (hereinafter the "Company") pursues their activities in the fields of manufacturing, imports, exports and trade of cables, machinery, apparatuses, tools and devices of all kind, as well as those of spare parts and accessories thereof. The Company was established in 1964 and currently pursues activities as a joint stock company, whose majority shares (83.75%) are owned by Draka Holding B.V.

Türk Prysmian - Prysmian Powerlink Adi Ortaklığı-1 (Partnership), one of the Company's affiliates, was incorporated in 2013, further to the opinion provided by the Revenue Administration Department pertaining to taxation procedures of the Contract DB.KAB.7 Lapseki - Sutluce 380kV Submarine Cable Project. Ordinary partnership was established for the sole purpose of taxation of the project and 99.99% is owned by Türk Prysmian Kablo ve Sistemleri A.S. and 0.01% by Prysmian Powerlink S.r.l.

Türk Prysmian - Prysmian Powerlink Adi Ortaklığı-2 (Partnership), one of the Company's affiliates, was incorporated in 2014, further to the opinion provided by the Revenue Administration Department pertaining to taxation procedures of the Contract DB.KAB.7 Lapseki - Sutluce-2 380kV Submarine Cable Project. Ordinary partnership was established for the sole purpose of taxation of the project and 99.99% is owned by Türk Prysmian Kablo ve Sistemleri A.S. and 0.01% by Prysmian Powerlink S.r.l.

The Group, which is a publicly traded company, pursues activities in a single line of business (manufacturing and sales of cables) and in a single geographical region. The Group's product portfolio consists of all energy cables up to 220 kV and copper communication cables with up to 3,600 couples, as well as optic fiber cables. The Group's factory is located in Mudanya, Bursa, and encompasses thermal, mechanical, chemical and electrical scientific research and testing laboratories to the high technological standards of the cable sector and to TSE qualification.

The Group's registered address is Omerbey Mahallesi, Bursa Asfaltı Caddesi, No: 51, 16941, Mudanya, Bursa and has an Istanbul Branch, which is registered at the address of Omer Avni Mah. İnebolu Sok. Haktan İş Merkezi No: 39, K: 2, Setustu Kabatas, Beyoğlu, Istanbul. Average number of employees within a given month of the Group as of December 31, 2014 is 440 (December 31, 2013 was 439).

The Group's stocks have been traded at Borsa Istanbul A.S. stock exchange since 1986.

Details of the Company's subsidiaries are as follows:

<b>Subsidiaries</b>	<b>Enlisted Stock Exchanges</b>	<b>Types of Activity</b>	<b>Main Fields of Activity</b>
Türk Prysmian-Prysmian Powerlink Adi Ortaklığı-1	-	Sales	Sales of Energy Cables
Türk Prysmian-Prysmian Powerlink Adi Ortaklığı-2	-	Sales	Sales of Energy Cables

***Dividend Payment:***

Board members offers not to pay dividend to shareholders for fiscal year.

***Approval of the consolidated financial statements:***

Consolidated financial statements have been approved by the Board of Directors and authorization was given for publication thereof on February 18, 2015. The General Assembly has the right to alter financial statements.

**2. PRINCIPLES GOVERNING FINANCIAL STATEMENT PRESENTATIONS****2.1 Basic Principles That Govern the Presentation*****TSE Compliance Statement***

The Company and its subsidiaries registered in Turkey are keeping and preparing their legal books and legal financial statements in compliance to the provisions of the Turkish Commerce Code (hereinafter the "TTK") and accounting principles defined in the tax legislation.

Consolidated financial statements in the attachment have been prepared in accordance with the provisions of the Capital Market Board's (hereinafter the "SPK") "Communique on Principles That Govern Financial Reporting in the Capital Market", Serial II, No: 14.1, published in Official Gazette, Edition No: 28676 Date: July 13, 2013; and are, as per the provisions of Article 5 of the aforementioned Communique, based upon Turkish Accounting Standards, enforced by Public Oversight Accounting and Auditing Standards Authority, as well as the interpretations and amendments (hereinafter the "TAS") of the aforementioned.

Moreover, consolidated financial statements and footnotes thereof have been prepared in conformance to the formats that were provided as per the notification dated July 7, 2013.

Consolidated financial tables are prepared on a historical cost basis, with the exception of revaluation of the derivative financial instruments. Historical cost is usually based on the fair value of the sum that was paid in consideration of the assets.

Currency Used

Financial statements of each subsidiary of the Group was presented in the currency that is in circulation in the basic economic setting that applies to their activities (i.e. functional currency). Financial standing and activity results of each enterprise was denominated in TRY, which is the functional currency for the Group's activities and consolidated financial statements.

Correction of the Financial Statements in Times of High Inflation Rate

As per the decision of the SPK, Decision No: 11/367 Date: March 17, 2005, inflation accounting practice has been discontinued for companies that are active in Turkey and subject to obligation of financial statement preparation as per the provisions of Turkish Accounting Standards. Accordingly, provisions of "Financial Reporting in Economies with High Inflation Rate", No: 29, did not apply as of January 1, 2005.

Comparative Information and Correction of Financial Statements of Previous Period

In order to facilitate determination of the financial standing and performance trends, the Group's consolidated financial statements are prepared and presented to include comparisons with the previous period. In order to ensure the compatibility with the presentation of the financial statements of the current period, comparative information may be reclassified wherever necessary, and important deviations are explained. In the current period, the Group has made certain classifications on previous period's financial statements in order to comply with the format announced by the SPK on July 7, 2013. These classifications that were made have effects on profit and loss statement. Natures, reasons and amounts of these classifications are explained below:

Sum of 598,437 TRY that was under "Other Payables", and sum of 983,214 TRY that was under "Other Short Term Liabilities" as of December 31, 2013, are now denoted under "Liabilities in Form of Employee Benefits".

Sum of 509,525 TRY that was under "Other Receivables" as of December 31, 2013, is now denoted under "Cost Accruals" under "Trade Payables" account.

Sum of 11,192,837 TRY that was under "Deferred Revenues" as of December 31, 2013, is now denoted under short term "Deferred Revenues".

Cost accrual of 15,190,937 TRY that was under "Other Short Term Provisions" as of December 31, 2013, is now denoted under "Trade Payables".

Sum of 2,037,633 TRY that was under "Long Term Provisions for Employee Benefits" as of December 31, 2013, is now denoted under "Short Term Provisions for Employee Benefits" account.

Sum of 116,769 TRY that was under "Other Operating Revenues" in the period of January 1 - December 31, 2013, is now denoted under "Other Revenues from Investment Activities".

Principles Governing Consolidation

Details of the Company's subsidiaries as of December 31, 2014 and 2013 are as follows:

Subsidiaries	Incorporation and Place of Business	Currency	The Group's share in capital and right to vote (%)	
			December 31, 2014	December 31, 2013
Türk Prysmain-Prysmian Powerlink Adı Ortaklığı-1	Bursa	Turkish Liras	99.99	99.99
Türk Prysmain-Prysmian Powerlink Adı Ortaklığı-2	Bursa	Turkish Liras	99.99	-

Consolidated financial statements encompass the Company's own and the Company's subsidiaries' financial statements. Control is established subject to the following criteria:

- The Group's having (controlling) power on the company invested;
- The company invested being open to variable returns and being entitled to such returns; and
- The Group's being able to exercise its controlling power to the extent that it may affect the returns;

In the event where any event or condition that might result in any change in at least one of the criteria above emerges, the Company shall reevaluate whether or not it has the controlling power on the investment.

In the events where the Company does not have majority of the voting rights of the company invested, it will still be construed that the Company has controlling power if the Company has means to control/direct the investment activities by itself. The Group shall consider all the events and circumstances that are relevant to the issue, including but not limited to the following, in determining whether or not the majority of votes in a given investment is enough to ensure the controlling power:

- Comparison of the right(s) to vote owned by the Company and right(s) to vote owned by other shareholders;
- Potential rights to vote owned by the Company and other shareholders;
- Other rights that might emerge under other contracts, if any; and
- Other events and conditions that might demonstrate whether the Company has the controlling power to manage activities that are subject to decision (including but not limited to votes casted in pas general assembly meetings).



Inclusion of a subsidiary in to scope of consolidation begins when the Group gains controlling power on the subsidiary and ends when the Group loses the same. Revenues and expenditure of the subsidiaries that are acquired or sold out within the year are incorporated in consolidated profit and loss statement and other comprehensive income statement table for the period between the date of acquisition and date of sales.

Each item of the profit and loss and other comprehensive revenue is belong to main partnership shareholders or shares that do not have controlling power. Even in the case when shares that do not have controlling power end up yielding a negative balance, total comprehensive revenue of the subsidiaries is transferred to main partnership shareholders and shares that do not have controlling power.

All intra-group assets and liabilities, equities, revenues and expenses and cash flows pertaining to intra-Group transactions are eliminated during consolidation.

## 2.2 Changes in Accounting Policies

Important changes that are introduced to accounting policies are implemented retrospectively and financial statements of the past period(s) are rearranged.

## 2.3 Changes and Errors in Accounting Forecasts

Changes in accounting forecasts are implemented only in the current period if the same relates to one period only; or in current period as well as future periods if the same relates to future periods. There hasn't been any important change in the Group's accounting forecasts for the future.

## 2.4 New and Revised Turkish Accounting Standards

### (a) Changes introduced to TAS that affect amounts and footnotes included in the consolidated financial statements

(There is none.)

### (b) Standards that are in force since 2014 but does not affect the Group's consolidated financial statements and amendments and comments

TFRS 10, 11, TAS 27 (Amendments)	<i>Investment Companies<sup>1</sup></i>
TAS 32 (Amendments)	<i>Netting Financial Assets and Financial Liabilities<sup>1</sup></i>
TAS 36 (Amendments)	<i>Reclaimable Value Explanations for Non-Financial Assets<sup>1</sup></i>
TAS 39 (Amendments)	<i>Renewal of Derivative Products and Persistence of Risk Protection Accounting<sup>1</sup></i>
TFRS Comment 21	<i>Duties and Taxes<sup>1</sup></i>
TAS 21 (Amendments)	<i>Effects of Exchange Rate Deviation<sup>2</sup></i>

<sup>1</sup> applies to fiscal periods that begin on or after January 1, 2014.

<sup>2</sup> applies as of November 12, 2014, when the amendment was published.

#### **TFRS 10, 11, TAS 27 (Amendments) *Investment Companies***

With this amendment, it is now mandatory for enterprises that qualify as investment enterprise in the sense of the provisions added to TFRS 10 to measure their subsidiaries by reflecting the fair value of the difference in their profit or loss, and also an exemption is introduced in relation to presentation of consolidated financial statements.

#### **TAS 32 (Amendments) *Netting Financial Assets and Financial Liabilities***

Amendments to TAS 32 clarifies the current practical aspects pertaining to the rules regarding the netting of financial assets and financial liabilities. These amendments clarify in particular the expressions “(those who) have the right to legal set-off in the current fiscal period” and “concurrent accrual and payment”.

#### **TAS 36 (Amendments) *Reclaimable Value Explanations for Non-Financial Assets***

Certain changes were introduced in relation to the valuation of reclaimable assets devaluated as a result of TFRS 13 Standard on “Valuation of Fair Value”. This amendment is limited to non-financial assets and amendment applies to Paragraphs 130 and 134 of TAS 36.

#### **TAS 39 (Amendments) *Renewal of Derivative Products and Persistence of Risk Protection Accounting***

With this amendment introduced to TAS 39, it is now clarified in which cases there will not be a time limitation for tool for protection against financial risks, and therefore, in which cases the practice of persistence of risk protection accounting will not be discontinued.

#### **TFRS Comment 21 *Duties and Taxes***

TFRS Comment 21 clarifies that a debt accounting becomes necessary with regards to payment of tax and tax equivalents when the Company carries out an activity that is defined in the legislation as necessitating the payment of tax equivalent liabilities.

**TAS 21 (Amendments) Effects of Foreign Exchange Rate Deviation**

TAS 21, Standard on Effects of Foreign Exchange Rate Deviation, Paragraph 39, Subparagraph (b) has been amended as what follows. "Revenues and expenses are translated using the foreign exchange rate that is applicable for the date of transaction on the profit and loss statement and other comprehensive income statement (including comparative sums)".

**c) Amendments and comments made on standards that did not yet go in effect and current past standards**

The Group has not yet implemented the following changes and comments that apply to the following standards that did not yet go in effect and current past standards:

<b>TFRS 9</b>	<i>Financial Instruments</i>
<b>TFRS 9 and TFRS 7 (Amendments)</b>	<i>TFRS 9 and Mandatory Effective Date for Transition Announcements</i>
<b>TAS 19 (Amendments)</b>	<i>Employee Benefits<sup>1</sup></i>
<b>Annual Improvements for 2010-2012 Period</b>	<i>TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TAS 37, TAS 39<sup>1</sup></i>
<b>Annual Improvements for 2011-2013 Period</b>	<i>TFRS 3, TFRS 13, TAS 40<sup>1</sup></i>
<b>TAS 16 and TAS 38 (Amendments)</b>	<i>Explanation of the Methods Applicable to Amortization and Depreciation Sums<sup>2</sup></i>
<b>TAS 16 and TAS 41 (Amendments) and TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 (Amendments)</b>	<i>Agricultural Activities: Bearing Plants<sup>2</sup></i>
<b>TFRS 11 and TFRS 1 (Amendments)</b>	<i>Accounting of Shares Acquired in Joint Activities<sup>2</sup></i>

<sup>1</sup> applies to fiscal periods that begin after June 30, 2014.

<sup>2</sup> applies to fiscal periods that begin after December 31, 2015.

**TFRS 9 Financial Instruments**

TFRS 9 published in November 2009 introduces further requirements with regards to classification and valuation of financial assets. TFRS, as amended in October 2010, encompasses amendments with regards to classification and valuation of financial liabilities and removal of the same from the records.

**TFRS 9 and TFRS 7 (Amendments) TFRS 9 and Mandatory Effective Date for Transition Announcements**

Mandatory effective date of TFRS 9 has been postponed in November 2013 to after January 1, 2018. This amendment has not been yet published by KGK.

**TAS 19 (Amendments) Employee Benefits**

This amendment elucidates how the contributions of employees and third persons will be related to their service periods. Besides, where the amount of contribution is independent from the number of years in service, the business will be allowed to recognize such contributions in the form of reduction from the cost of services for the service period.

**Annual Improvements for 2010-2012 Period**

**TFRS 2:** This amendment changes the definitions of 'merit condition' and 'market condition' and brings the descriptions 'performance condition' and 'service condition'.

**TFRS 3:** With this amendment, a conditional amount is measured at fair value at each reporting date.

**TFRS 8:** These amendments enforce the disclosure of management reviews in applying merger criteria into the units of operation, telling that the conciliation of the total amount of unit assets with business assets will be required only if unit assets are reported.

**TFRS 13:** This amendment elucidates that the amendments in TFRS 9 and TAS 39 does not change the measurability of certain short-term receivables and payables with no discount.

**TAS 16 and TAS 38:** When a tangible asset item is subjected to revaluation with this amendment, it is carried according to the revalued amount of the book value of the asset.

**TAS 24:** This amendment elucidates that compensation payable or paid to such managers should be disclosed in case the business gets key management personnel services from another business.

**Annual Improvements for 2011-2013 Period**

**TFRS 3:** This amendment elucidates that the recognition of a joint agreement as a joint agreement formation in their financial statements is out of the scope of TFRS 3.

**TFRS 13:** This amendment elucidates the scope of exception in paragraph 52.

**TAS 40:** This amendment elucidates the relationship between TFRS 3 and TAS 40 regarding the classification of a property as a property for investment purposes or property for owner's use.

**TAS 16 and TAS 38 (Amendments) Explanation of Applicable Methods for Amortization and Depreciation Shares**

This amendment elucidates that it is not appropriate to use the depreciation method based on operation revenues as a result of use of an asset for tangible assets, and in rare cases that are legally binding unless otherwise proven and where only an intangible fixed asset is expressed for revenue measurement purposes or in cases where the economic benefits of intangible fixed assets are proven to be closely related with the revenues made, as a result of the use of an asset for an intangible fixed asset. This amendment also tells that the expected decreases in the selling price of an item produced as a result of the use of an asset in the future can indicate an expected depreciation of an asset technologically or commercially and could subsequently be an indicator of the falls in future economic benefits of the asset.

**TAS 16 and TAS 41 (Amendments) and TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 (Amendments) Agricultural Activities: Carrier Plants**

This standard stipulates that 'carrier plants' should be handled within the scope of the TAS 16 standard instead of the TAS 41 standard under the tangible fixed assets classification in a manner that will allow measurement based on cost or revaluation basis after the initial recognition. This standard also defines 'carrier plant' as a plant used for the production or supply of agricultural products that are expected to yield produce for more than one period and which have low chances of being sold as agricultural products except for insignificant residual sales. This standard also tells that products grown from carrier plants are within the scope of the TAS 41 standard.

These amendments in TAS 16 and TAS 41 resulted in amendments in TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 respectively.

**TFRS 11 and TFRS 1 (Amendments) Recognition of Shares from Joint Operations**

This standard projects, relating to a business that has stakes in a joint operation that is considered business:

- Except for those contrary to the rules specified in TFRS 11, implementation of all relevant recognition procedures relating to business mergers in TFRS 3 and other TAS, and
- The disclosure of information relating to TFRS 3 and other TAS business mergers.

This amendment in TFRS 11 resulted in amendments in the relevant parts of the TFRS 1 standard.

The Company reviews the impacts of these standards on financial situation and performance.

**2.5 Summary of Significant Accounting Policies****Related Parties**

Related parties are persons or businesses that are related with the business (reporting business) that prepared the financial statements.

**a) A person or a member of the immediate family of that person will be considered related with the reporting business in the following situations: In the event that the said person,**

- (i) has the controlling power or joint controlling power over the reporting business,
- (ii) has a significant influence over the reporting business,
- (iii) is a member of the key management staff of a reporting business or a major shareholder of a reporting business.

**(b) The business will be considered related with the reporting business in the event that any of the following conditions is present:**

- (i) In the event that the business and the reporting business are members of the same group (e.g. each core business, subsidiary and other subsidiary is related with others);
- (ii) In the event that the business is an affiliate or a joint venture of the other business (or a member of a group that the other business is a member of);
- (iii) In the event that both businesses are joint ventures of the same third party;
- (iv) In the event that one of the businesses is a joint venture of a third business and that the other business is an affiliate of the said third business;
- (v) In the event that the business, reporting business or a business related with the reporting business has benefit plans for quitting employees. If the reporting business itself has such a plan, then sponsoring employers are also related with the reporting business;
- (vi) In the event that the business is controlled or jointly controlled by a person mentioned in item (a);
- (vii) In the event that a person described in item (a) paragraph (i) has a significant control over the business or is a member of the key personnel of that the said business (or the core business of that business);

The transaction made with the related party is the transfer of resources, services or obligations between the reporting business and the related party no matter whether it is done against a certain fee.

**Revenue**

The revenues are measured over the fair value of the collected or collectible amounts receivable. Estimated customer returns, discounts and provisions are reduced from the said amount.

Sale of goods

Revenues from sale of goods are recognized at the full performance of the following conditions:

- Transfer of important ownership risks and gains to the buyer by the company,
- The Company having no ongoing administrative contributions related with ownership and no effective control over goods sold,
- Reliable measurement of earnings,
- Potential flow of economic benefits related to the transaction into the business, and
- Reliable measurement of costs arising or to arise from the transaction.

Interest revenues

Interest revenues from financial assets will be recorded as long as it is possible to measure the Company's economic benefits and revenues in a reliable manner. Interest income will be accrued in the applicable period financial period pro rata to the effective interest rate reducing the estimated cash incomes to be collected from the financial asset throughout its expected life cycle and the outstanding capital to the recorded value of that asset.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. The production cost system is a stage cost allocation system and First In First Out (FIFO) is the rule that applies for cost method except for precious metal stocks (copper, aluminum). Precious metal stocks are appraised through weighted average cost method. The cost of finished and semi-finished goods includes the costs of raw materials, direct workmanship, other direct expenses and related production overheads, and excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

**Tangible Fixed Assets**

Tangible fixed assets are shown with net value after deduction of accumulated depreciation from cost of obtaining.

Cost method

Tangible fixed assets are shown over the amount following deduction of accumulated amortization and accumulated depreciation from cost amounts. Lands and plots are not amortized and are shown over the amount following deduction of accumulated depreciation from cost amounts.

Assets held for use in the construction, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. Legal fees are also included in the costs. When such assets are built and are available for use, they are classified in the relevant tangible fixed asset item. Such assets, as in the amortization method used for other fixed assets, are amortized when they are available for use.

Assets, other than land and ongoing investments, are depreciated over their expected useful lives by using the straight line method. Estimated useful life, residual value, and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

When a tangible fixed asset is disposed of or if no economic benefits are expected from their use or future sale, they will be left out of the balance sheet. Revenues or losses resulting from the disposal of tangible fixed assets or decommissioning of tangible asset is set as the difference between the sales revenues and the book value of the asset and is included in the income statement.

**Intangible Fixed Assets**Purchased intangible assets

Purchased intangible assets with limited useful life are shown following deduction of accumulated depreciation shares and accumulated depreciation from cost amounts. Such assets are depreciated using direct amortization method based on their expected useful life. The expected useful life and amortization method is reviewed annually to determine potential impacts of amendments in estimations and such amendments in the estimations are recognized prospectively. Purchased tangible assets with unlimited useful life are shown with their amounts after reduction of accumulated depreciation from the cost amount.

Computer software

Purchased computer software shall be posted in the assets over the costs during their purchase and from purchase until availability. Said costs are depreciated for (5-10 years) based on their useful life.

### Impairment in Intangible Assets other than Tangible Assets and Goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The company reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the company believes the useful lives differ from previous estimates. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing recoverable value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Costs of Borrowing

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### Financial Instruments

#### Financial assets

Financial investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

#### Financial assets at fair value through profit or loss

Financial assets that are held for trading are always classified as financial assets at fair value through profit or loss. A financial asset is held for trading if the entity acquired it for the purpose of selling it in the near future or is part of a portfolio of financial assets subject to trading. Derivative assets are always treated as held for trading unless they are effective hedging instruments. The gains and losses arising from changes in fair value are included in the income statement in the period in which they occur.

#### Financial assets held until due term

The fixed term debt instruments that the Company intends and is capable to hold until the due term and that have a fixed or determinable payment plan are categorized as the investments held until the due term. The investments which will be held until the due term are recorded after the amount decrease in value is deducted from the cost price redeemed in line with effective interest method and then the related income is accounted by using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Equity instruments held by the Company but not listed and not being traded are classified as available for sale financial assets and their fair values are measured at their fair value can be measured reliably. Losses and profits relating to available-for-sale financial assets are included in the period's income statement. Changes in the fair value of such assets are shown in the equities account. In case the relevant asset is disposed of or in case of impairment, the profit / loss in equity accounts are transferred to the income statement. Impairment provisions resulting from investments aimed at equity instruments classified as available-for-sale financial assets and recorded and posted in the income statement cannot be cancelled from the income statement during the subsequent period.

Dividends of available-for-sale equity instruments are posted into the income statement in cases where the Company has a dividend collection right.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Available-for-sale equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

The commercial and other receivables that are not transacted and that have fixed and determinable payments as well as the credits are classified in this category. The credits and receivables (commercial and other receivables, bank balance, cash and others) are recorded by deducting the decrease in value from the cost amortized via effective interest method. Interest revenue is recorded by calculation according to the effective interest method in cases other than where the effect of rediscount is insignificant.

Impairment in Financial assets

The financial assets or asset groups, except from the financial assets of which fair value difference reflected to profit or loss, are evaluated on each balance sheet date as to whether there is any indication of being affected by decrease in value.

If more than one event happen after the initial recognition and there is an objective indication of that the future cash flows of the financial asset or asset group have been subjected to the decrease in value, the impairment loss takes place. For the financial assets recorded with their amortized value, the amount of the decrease in value is difference between its book value and current value accounted by reducing the expected future cash flows at the rate of effective interest.

The reduction of the fair value under the cost with a significant and continued fall is a sign of an objective depreciation for ready-to-sell equity instruments.

The depreciation amount for financial assets shown over their depreciated value is the difference between the current value and the book value of expected future cash flows with discount over effective interest rate.

The depreciation amount for financial assets shown over their cost is the difference between the current value and the book value of expected future cash flows with discount over current interest rates for a similar financial asset. Such depreciation cannot be cancelled in the subsequent periods.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, any increase in fair value subsequent to an impairment loss is posted directly in the equity item.

For financial assets carried over their depreciated values, if the impairment loss is reduced in the subsequent period or if the reduction can be related to an event that occurred after the recognition of depreciation loss, the previously recognized depreciation loss is cancelled in the income statement in a manner that will not exceed the depreciated cost amount in case the depreciation will be an amount not recognized on the cancellation date.

Depreciation loss, previously recognized for profit/loss for ready-to-sell equity instruments cannot be cancelled in profit/loss. Fair value increase following depreciation loss is recognized in other comprehensive income and posted under the provision for revaluation of investments. Depreciation loss for debenture notes available-for-sale is cancelled in subsequent periods in profit/loss in case the increase in the fair value of the investment can be related with an event that arise after the recognition of the devaluation loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Company's cash and cash equivalents are categorized under 'Credits and Receivables'.

Registration and de-recognition of the financial assets

The financial assets and obligations of the Group will only be registered, if they are a party of the agreements for financial instruments. In case the term of the rights of the Group increasing from the agreement related with the cash flow of the financial asset expires or the Group transfers the related asset and all risks and gains arising from this asset to another party, the asset in question will be derecognized. In case all risks and gains arising from the ownership of the asset are not transferred to another party and the asset will be controlled by the Group, the Group continues to recognize its shares in the asset and the obligations arising from this asset, of which the payment is required. In case the Group retains all risks and gains arising from the ownership of a transferred asset, the recognition of the financial asset will be continued and also the amount of the debts that are binding in relation to the transferred financial asset will be recognized for the achieved gains. The Group derecognizes the financial obligation, only if its obligation that is specified in the agreement is removed, cancelled or prescribed.

Financial liabilities

The financial liabilities and equity instruments of the Company are classified according to contract regulations, based on the definition of a financial liability and equity-based instrument. The contract representing the equities in the assets after deduction of all payables of the company is the equity-based financial instrument. Accounting policies for certain financial liabilities and equity-based financial instruments are given below.

Financial liabilities are classified as financial liabilities applied to profit or loss in fair value difference or other financial liabilities.

Financial liabilities with fair value difference applied to profit/loss

Fair value financial liabilities applied to profit or loss are recorded in their fair value and are revalued in their fair value on balance sheet date in each reporting period. The change in fair value is recognized in the income statement. Net gains or losses recognized in the income statement also include the amount of interest paid for the said financial liability.

Other financial liabilities

Other financial liabilities, including bank borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments and hedge accounting

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The company uses derivative financial instruments to hedge financial risks (mainly exchange rate forward contracts) due to the processes associated with estimated the specific binding commitments and the future exchange rate fluctuations.

The Company does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are calculated according to the fair value and again calculated for the next reporting period at fair value base.

If the changes in the fair value of derivatives which are determined as the hedge of future cash flows are the inactive parts of shareholders' equity, then they're recorded directly under income statement.

In the event that the process of hedging of a binding commitment or a projected future transaction from the risk of cash flow results in the recording of an asset or liability, gains or losses relating to financial instruments relating to derivative financial instruments previously recorded in equities and said assets or liabilities are included into the measurement of the initial value of asset or liability on their initial recording date. In a hedge operation not resulting in recording or hedging an asset or liability, amounts in the equity are recorded in the income statement during the period when the hedged item affects the income statement. The amendments in the fair value of derivative financial instruments that do not meet the requisites for hedge accounting are entered into the income statement at the time of creation.

Hedge accounting is terminated in case the hedge accounting instrument expires, is sold or used or it becomes unable to meet the requisites for hedge accounting. On the said date, cumulative gain or loss resulting from the hedge instrument recorded in the equities will be included in the equities until the anticipated date of transaction. If the hedged transaction does not occur, net cumulative profit or loss in the equity will be carried as period's profit or loss.

**Currency Impacts**Foreign Currency and Balances

Financial statements of each subsidy of the Group was presented in the currency that is in circulation in the basic economic setting that applies to their activities (i.e. functional currency). Financial status and operating outcomes of each business is expressed in TL, which is the valid currency of the company and the presentation unit for consolidated financial statements.

During the drafting of the financial statements of each business, transactions over foreign currency (currencies other than TL) are recorded based on the currency rates on the date of transaction. Foreign currency-based assets and liabilities in the financial statement are translated into Turkish over the currency rates valid on the date of balance sheet. Those nonmonetary items being followed over fair value that are recorded in foreign currency are translated into TL over the currency rates effective on the date when the fair value was set. Nonmonetary items in foreign currency measured over historic cost are not retranslated.

Foreign currency differences, except for the following situations, are recognized as profit or loss in the period when they were created:

- Foreign currency differences as corrective items on interest items on payables related with assets being built for future use and recorded in foreign currency and included into the cost of such assets,
- Foreign currency differences resulting from transactions carried out to hedge against foreign currency risks (accounting policies for hedge against risks are detailed below),

Assets and liabilities in the Company's international operations are expressed in TL in consolidated financial statements using the currency rates effective on the date of balance sheet. Income and expense items are translated using average rates in the period in case of a significant fluctuation in the currency rates on the transaction date (rates on the date of transaction date are used in case of a significant fluctuation). The currency rate difference is recognized in other comprehensive income and is accumulated in a separate component of the equity.

### **Profit per Share**

Profit per share mentioned in the consolidated income statement is found by dividing net profits into the number of weighted average of shares in the market throughout the year.

Companies in Turkey can increase their capital through "no-par shares" distributed to shareholders over past years' profits. Such "no-par share" distributions are considered as issued shares in profit per share calculations. Accordingly, the number of weighted average of shares used in such calculations is found also in consideration of the retrospective effects of the said share distributions.

### **Events after Reporting Period**

Even if the events after reporting period occur after any announcement about profits or disclosure of other chosen financial information, cover all events between the date of balance sheet and the date of authorization for the issue of balance sheet.

The company shall revise the amount included in the financial statements based on such new condition in the event of occurrence of events requiring revision after the date of balance sheet.

### **Provisions, Contingent Assets and Liabilities**

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where 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.

A possible obligation or possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity should not be recognized as a contingent liability or contingent asset in the financial statements.

### Guarantees

Provisions for the cost of guarantee are recognized on the date of sale of relevant products based on most suitable expenditures estimated by the management to cover the liabilities of the company.

### **Construction Contracts**

Revenues from the contract in case the results relating to construction contracts cannot be reliably anticipated shall be recognized pro rata to the compensable portion of the realized contract expenditures. Contract expenditures are recognized on the date of creation.

Contract yield is recognized in cases where the outcome of construction contracts can be reliably anticipated and where the contract will potentially bring profits throughout the term of the contract. The amendments in the contracts, required payments and incentive payments are added into contract earnings as accepted by the customer and as long as they can be reliably measured.

In cases where the total contract expenditures can exceed total contract yield, anticipated loss is immediately recognized as expenditure.

The company uses the "completion percentage method" to determine the appropriate amount of yield to be recognized for the relevant period. The completion stage shall be measured as a percentage of the estimated total costs for each contract based on contract expenditures until balance sheet date. Expenditures during the period relating to any prospective operation within the scope of the contract shall not be included in the contract expenditures for the determination of the completion stage. They are recognized as inventories, advances or other assets based on their qualities.



The company shall, in case the gross receivables from customers for ongoing contract works is over the progress payment amount as a result of adding the profit reflected on resulting accounts onto the accrued costs (reduction of loss), present them as assets. Progress payment amounts not paid by customers and amounts retained as guarantee over progress payments are included into the "commercial receivables" account.

The company shall, in case the gross receivables from customers for ongoing contract works is over the progress payment amount as a result of adding the progress payment amounts onto the accrued costs (reduction of loss), present them as liabilities.

### **Government Grant and Incentives**

Government incentives are not reflected in financial statements without a reasonable assurance that the business will fulfill the necessary conditions for obtaining the incentive..

Government grants are reflected in the profit and loss statements in a systematic manner throughout the periods throughout periods where the costs aimed to be met by these incentives are accounted as expense items. The government grants are financing tools, should be associated with financial statement (balance sheet) as unearned income and reflected in profit or loss in order to clarify the profit or loss item of expenditure posted instead of being posted in the profit or loss to clarify the expenditure item they are financing in a systematic way throughout the economic life of the related assets.

Government incentives given to cover previously-realized expenses or losses or to supply emergency financing to the business in the future without any cost will be posted in the profit or loss in the period they become collectible.

Benefit of the loan in a lower than market interest rate from the state, is considered as government incentive. Benefit created by yow interest rate is measured by the difference between initial book value of the loan and the obtained earnings.

### **Taxes over Corporate Revenues**

Since the Turkish Tax Legislations does not allow the core business and its subsidiary to submit consolidated tax statements, as reflected in the attached consolidated financial statements, tax provisions are calculated separately for each business.

The income tax expenditures consist of the total amount of current tax and deferred tax expenditures.

#### Current tax

The current year tax liability is calculated over the taxable portion of the period's profit. Since the taxable profit excludes the items taxable or deductible in other years and items that are not taxable or deductible, it is different from the profit in the income statement. The company's current tax liability has become final as of the date of balance sheet or calculated using significantly final tax rate.

#### Deferred tax

Deferred tax liability or asset 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 merger) 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 company 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Provided that, subject to the same country's tax legislation and in the event of a legally enforceable right exists regarding offsetting current tax assets from current tax liabilities, the deferred tax assets and deferred tax liabilities are mutually offset.

#### Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity (in which case the tax is also recognized directly in equity) or where they arise from the initial accounting for a merger. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

## Employee Benefits

### Seniority pays:

As per the provisions of current Turkish legislations and collective agreements, seniority pay is paid in case of retirement or layoff. As per the updated TAS 19 *Employee Benefits Standard* ("TAS 19"), said type of payments are classified as defined retirement benefit plans.

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the company. All actuarial gains and losses are reflected into the consolidated statement of incomes.

## Cash Flow Table

In the cash flow table, period's cash flows are classified and reported based on core, investment and financing operations.

Cash flows relating to core business operations shows the cash flows used by the company in core operations and the obtained cash flows.

Cash flows relating to investment operations shows the company's cash flows used by the company in investment operations (stationary investments and financial investments) and the obtained cash flows .

Cash flows relating to financing operations shows the cash flows used by the company in financing operations and the obtained cash flows.

Available values are cash, no-term deposits and other short-terms investments with maturity dates of 3 months or less than 3 months as of the date of purchase, easily convertible into cash and having no significant risk of change in value.

## Capital and Dividends

Ordinary shares are classified as equity capital. Dividends distributed on ordinary shares are recorded by deducting from the accumulated profit in the period that the dividend payment decision is reached.

## 2.6 Significant Accounting Valuation, Estimation and Assumptions

### Critical decisions made by the company when applying the accounting policies

During the process of application of the accounting policies mentioned in note 2.5, the management made the following interpretations which are very effective on amounts recognized in consolidated financial statements (other than the estimates covered below):

### Completion Percentage

Revenue and costs relating to multiyear contract projects shall be included in the financial statements as income and expense based on their completion level of contractual activities as of the date of the balance sheet.

### Deferred Tax

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities prepared as per TAS. There are deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future in the Company. When calculating the deferred tax liabilities for all taxable temporary differences, high possibility of benefiting from such differences by way of making taxable profits in the future resulting from deductible temporary differences are taken into consideration. In the light of available data, if the company's profits are not sufficient to fully cover the company's deferred tax assets, provisions shall be retained for all or part of the deferred tax asset. Since the company is in the stage of foundation and development and it is not clear whether it will benefit from said tax assets by making taxable profits in the future (no convictions that the deferred tax asset can be recovered), it has not recorded its deferred tax assets. If the outcomes of future operations exceed the current expectations of the company, then it may be necessary to record the unrecorded deferred tax assets.

### Income Accrual

The company uses the "completion percentage method" to determine the appropriate amount of yield to be recognized for the relevant period. The completion stage shall be measured as a percentage of the estimated total costs for each contract based on contract expenditures until balance sheet date.

### Fair value of derivatives and other financial instruments

The company calculates the fair values of financial instruments that have no active markets using similar values by utilizing market data, taking as reference the fair value of similar instruments and using reduced cash flow analyses. (Note 23).

### 3. RELATED PARTY DISCLOSURES

83.75% of the shareholding of Türk Prysmian Kablo ve Sistemleri A.Ş. are owned by Draka Holding B.V. 100% of the shareholding of Draka Holding B.V. belongs to Prysmian Cavi e Sistemi Energia S.R.L., and this company is fully owned by Prysmian S.P.A., the main holding company.

Since the between the company and its subsidiaries were eliminated during consolidation, they are not included herein.

Receivables from and payables to related parties as of end period are summarized below together with a summary of transactions during the period:

	December 31, 2014	
	Receivables	Payables
	Short Term	Short Term
	Commercial	Commercial
<b>Balances with Affiliates</b>		
Prysmian Cables Limited	1,378,522	-
Prysmian Cavi e Sistemi S.r.l.	-	3,315,693
Prysmian Cables et Systemes France SAS	216,151	-
Prysmian Kabel und Systeme GmbH	12,389	162,917
Prysmian Cavi e Sistemi Italia S.R.L.	1,403,579	3,739,804
Prysmian S.P.A.	189,012	3,893,918
Prysmian Cabluri si Sisteme S.A.	931,718	-
Prysmian Cables y Sistemas S.A.	-	2,488,874
Prysmian Cables and Systems B.V.	-	62,394
Draka Comteq Germany GmbH & Co	-	78,540
Prysmian Power Link Srl Milan	-	6,813,203
Prysmian Cavi e Sistemi Energia S.r.l.	199,607	-
Draka Comteq UK Limited	112,817	-
Prysmian Cables and Systems OY/FINLAND	-	554,745
Other Affiliates	129,469	62,020
	<b>4,573,264</b>	<b>21,172,108</b>

	December 31, 2013	
	Receivables	Payables
	Short Term	Short Term
	Commercial	Commercial
<b>Balances with Affiliates</b>		
Prysmian Cables Limited	294,275	352,970
Prysmian Cavi e Sistemi S.r.l.	-	3,541,972
Prysmian Cables et Systemes France SAS	648,774	3,649,096
Prysmian Kabel und Systeme GmbH	-	834,567
Prysmian Cavi e Sistemi Italia S.R.L.	3,227,270	1,684,120
Prysmian S.P.A.	127,359	176,644
Prysmian Cabluri si Sisteme S.A.	102,772	-
Prysmian Cables y Sistemas S.A.	3,810,104	4,020,354
Draka Istanbul Asansor Ihracaat Ihr.Ltd.Şti.	175,019	-
Draka Denmark	5,412	-
Prysmian Kablo S.R.O.	139,192	-
Draka Cableteq USA	259,711	-
Draka Comteq Berlin GmbH & Co	423,071	-
Draka Comteq Fibre BV	-	288,231
Draka Kably SRO	43,539	-
Draka Comteq Berlin GmbH & Co. KG Berlin / Köpenick	-	796,531
Prysmian Power Link Srl Milan	-	147,090
Draka Comteq UK Limited	-	183,082
Prysmian Cables and Systems OY/FINLAND	-	22,034,620
Other Affiliates	47,137	42,093
	<b>9,303,635</b>	<b>37,751,370</b>

Transactions with affiliates	January 1 - December 31, 2014		January 1 - December 31, 2013	
	Purchases of goods	Purchases of services	Purchases of goods	Purchases of services
Prysmian Cables and Systems OY/FINLAND	33,026,397	-	20,605,593	-
Prysmian Cables y Sistemas S.A.	29,001,117	-	12,087,648	-
Prysmian Cavi e Sistemi S.r.l.	434,745	21,843,084	48,944	19,069,767
Draka Comteq Berlin GmbH & Co. KG	4,912,505	-	8,776,530	-
Prysmian Cavi e Sistemi Italia S.r.l.	17,081,381	-	15,703,030	-
P.T. Prysmian Cables Indonesia	1,259,947	-	1,588,247	-
Prysmian S.p.A	10,962,205	520,590	2,941,294	-
Prysmian Kabel und System GmbH.	4,311,053	-	21,758,621	472,423
Prysmian Cables & Systems Ltd.	781,974	-	609,838	-
Fibre Ottiche Sud - F.O.S. S.r.l.	5,053,563	-	3,626,079	-
Draka Comteq UK Limited	2,630,086	-	3,042,390	-
Draka Comteq Fibre BV	561,430	-	688,080	-
Draka Cable Wuppertal GmbH	1,080,784	-	1,599,686	-
Prysmian Cables et Systemes France	482,466	-	3,326,465	-
Draka Norsk Kabel AS Drammen	660,911	-	-	-
Prysmian Romania Cabluri Si Sisteme	148,315	-	762,316	-
Draka Kably SRO	239,372	-	-	-
Draka Comteq Germany GmbH	2,828,608	-	653,681	-
Prysmian Cables and Systems B.V.	1,492,632	-	673,264	-
Prysmian Power Link Srl Milan	33,158,929	-	-	-
Draka Comteq Iberica S.L.	132,972	-	-	-
Prysmian Metals Ltd.	-	-	20,279,860	-
Other Affiliates	219,807	-	304,784	-
	<b>150,461,199</b>	<b>22,363,674</b>	<b>119,076,350</b>	<b>19,542,190</b>

Transactions with affiliates	January 1 - December 31, 2014	January 1 - December 31, 2013
	Sales of goods	Sales of goods
Prysmian Cavi e Sistemi Italia S.r.l.	27,762,212	11,754,744
Prysmian Cables et Systemes France	4,518,259	3,476,083
Prysmian Cables & Systems Ltd.	8,122,066	5,820,916
Prysmian Cables y Sistemas S.A.	-	9,478,516
Prysmian Cabluri si Sisteme S.A.	1,245,495	1,089,900
Draka Istanbul Asansor Ihracaat Ihr.Ltd.Şti.	39,349	705,589
P.T.Prysmian Cables Indonesia	47,759	-
Prysmian Kabel und Systeme GmbH	-	347,273
Prysmian PowerLink Srl	70,500	-
Singapore Cables Manufacturers Pte Ltd	397,764	-
Draka Kably S.R.O.	109,067	-
Prysmian Kablo S.R.O.	78,228	-
Draka Cableteq USA INC	2,061,328	915,855
Draka Comteq Berlin GmbH & Co. KG	330,048	579,526
Draka Comteq UK Limited	189,025	-
Draka Offshore Asia Pasific Pte Ltd Singapore	-	123,273
Prysmian Telecom Cables & Systems Austuralia	54,253	-
Other Affiliates	70,552	814,310
	<b>45,095,905</b>	<b>35,105,985</b>

Service fees for the company comprise three types of service fees. They are;

**TAF Technical Assistance Fees:**

The licensing fee is calculated with 1% brand fee over sales from net productions and 1% knowhow fee, making a total of 2% and invoiced by relevant companies. A revision was last made in 2006 in the corporate title.

**SAG Service Agreement:**

Various services are invoiced including legal services, aftersales, R&D and consultancy by distribution keys for all group companies at the headquarters of Prysmian Group Holding.

**IT Service Agreement:**

All IT expenditures are calculated for all group companies at the headquarters of Prysmian Group Holding. Various services are invoiced for expense accruals by distribution keys.

The fee for IT services from Prysmian S.P.A. is about the S.A.P. system that has been revised in 2011. It includes all technical assistance received in line with system revision, consultancy and costs.

Licensing fee payments to group companies are calculated and paid at 2% over product sales under the licensing agreement. Licensing contracts between group companies were last revised in 2006 and are effective with the same conditions.

**Total licensing and agreement expenditures for group companies:**

<b>Licensing and contract expenditures of group companies (Footnote:18)</b>	<b>January 1 - December 31, 2014</b>	<b>January 1 - December 31, 2013</b>
Prysmian Cavi e Sistemi S.r.l.	21,843,084	19,070,123
Prysmian S.p.a.	520,590	472,067
	<b>22,363,674</b>	<b>19,542,190</b>

**Benefits to executives:**

Period's benefits to the executives are given below:

	<b>January 1 - December 31, 2014</b>	<b>January 1 - December 31, 2013</b>
Wages and other short term benefits	4,102,259	1,920,739
Other long term benefits	8,950	11,709
	<b>4,111,209</b>	<b>1,932,448</b>

**4. TRADE RECEIVABLES AND PAYABLES****a) Trade Receivables:**

The company's detailed trade receivables are as follows as of the date of balance sheet:

<b>Short term trade receivables</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Trade receivables	112,696,429	94,093,359
Trade Receivables From Affiliated Parties 3)	4,573,264	9,303,635
Bills receivable	108,747,731	100,962,668
Bad trade debt	21,524,440	18,570,411
Provisions for bad trade debt (-)	(21,524,440)	(18,570,411)
Trade receivables rediscount	(1,658,373)	(1,500,530)
	<b>224,359,051</b>	<b>202,859,132</b>

The company's standard maturity term for its commercial receivables is between 30 to 60 days (31 December 2013: 30 to 60 days). The company's effective interest rates for TL, Euro and US Dollar is 18%, 9% and 9%, respectively (31 December 2013: 12%, 9% and 9% annually).

Provisions for doubtful trade receivables are set based on past experience of non-collection. Accrued foreign currency differences for doubtful foreign currency receivables are included in the provisions, and the same amount is reflected in the currency difference incomes and expenditures.

The company's doubtful trade receivables are as follows:

Movements of provisions for bad trade debt	January 1 - December 31, 2014	January 1 - December 31, 2013
<b>Opening balance</b>	<b>(18,570,411)</b>	<b>(14,374,215)</b>
Period cost	(1,692,273)	(1,532,776)
Collections	-	10,145
Changes due to foreign exchange differences	(1,261,756)	(2,673,565)
<b>Closing balance</b>	<b>(21,524,440)</b>	<b>(18,570,411)</b>

Explanations pertaining to the nature and level of risks applicable to trade receivables are given in footnote 25.

Factoring transactions with regards to trade receivables:

The company started performing irrevocable factoring transactions in 2010 for its domestic and export-basis trade receivables. As per the provisions of the factoring contract, such receivables are the company's receivables and liabilities are clearly shown in the attached financial statements.

As of 31 December 2014, total amount of receivables transferred to the factoring company is TL 14.114.454 (31 December 2013: TL 14.310.373).

#### b) Trade Payables:

The company's detailed trade payables are as follows as of the date of balance sheet:

Short term trade payables	December 31, 2014	December 31, 2013
Trade payables	387,430,085	342,125,147
Trade payables to related parties (Footnote:3)	21,172,108	37,751,370
Discount on trade payables	(207,220)	(285,254)
Expense accruals	19,180,084	14,681,412
	<b>427,575,057</b>	<b>394,272,675</b>

The average maturity for the company's trade payables is 90 days (31 December 2013: 90 days). The company's effective interest rates for trade payables for TL, Euro and US Dollar is 0%, 4.8% and 4.8%, respectively. (31 December 2013: 0%; 5.5% and 5.5%).

The Group has financial risk management policies in place, adopted in order to ensure that all obligations are paid within the time periods allowed in credit plans.

Explanations pertaining to the nature and level of risks applicable to trade receivables are given in footnote 25.

## 5. OTHER RECEIVABLES AND DEBTS

#### a) Other Receivables

Other Short Term Receivables	December 31, 2014	December 31, 2013
Deposits and Collaterals Given	110,384	78,972
Other bad-debt receivables	28,195	28,195
Provision for other bad-debt receivables (-)	(28,195)	(28,195)
Miscellaneous receivables	49,428	205,864
	<b>159,812</b>	<b>284,836</b>

#### b) Other Receivables

Other Short Term Payables	December 31, 2014	December 31, 2013
Miscellaneous payables	135,144	356,812
	<b>135,144</b>	<b>356,812</b>

## 6. INVENTORIES

	December 31, 2014	December 31, 2013
First material	22,783,009	17,141,042
Semi-finished products	22,895,964	23,361,562
Products	41,585,509	34,740,828
Commodities	5,138,324	5,625,041
Provisions for inventory value decreases (-)	(1,790,215)	(1,623,338)
	<b>90,612,591</b>	<b>79,245,135</b>

Sum of 625,288,546 TRY of the cost of products sold of the Company in the period between January 1 - December 31, 2014, (591,650,308 in the period between January 1 - December 31, 2013) is for first material consumption

Movements in provisions for inventory value decreases	January 1 - December 31, 2014	January 1 - December 31, 2013
<b>Opening balance</b>	<b>(1,623,338)</b>	<b>(1,685,943)</b>
Provisions set aside in the period	(166,877)	62,605
<b>Closing balance</b>	<b>(1,790,215)</b>	<b>(1,623,338)</b>

## 7. PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses	December 31, 2014	December 31, 2013
Advance orders placed for projects	2,479,553	7,028,729
Prepaid Expenses for Future Months	1,567,753	358,174
	<b>4,047,306</b>	<b>7,386,903</b>

Long Term Prepaid Expenses	December 31, 2014	December 31, 2013
Expenses for Future Years	97,263	9,288
	<b>97,263</b>	<b>9,288</b>

Short Term Deferred Revenues	December 31, 2014	December 31, 2013
Advance orders received (*)	9,568,192	11,192,837
	<b>9,568,192</b>	<b>11,192,837</b>

(\*) consists of advances received from customers in relation to cable sales.

Long Term Deferred Revenues	December 31, 2014	December 31, 2013
Advance orders received (*)	36,797,048	27,012,862
	<b>36,797,048</b>	<b>27,012,862</b>

(\*) 9,541,006 Eur (26,952,448 TRY) portion of advance orders received is for Lapseki - Sutluce 2 380 kV Submarine Cable Project 2, while 9,844,599 TRY portion is for other projects; and both are related to long term construction projects (Footnote 17).

## 8. TANGIBLE FIXED ASSETS

	Land Properties	Buildings	Plant, Machinery and Equipment	Vehicles, Furniture and Fixtures	Special Costs	Fixed Assets Under Construction	Total
<b>Cost Value</b>							
Opening balance as of January 01, 2014	3,164,360	44,683,732	205,082,424	24,250,575	77,543	319,464	277,578,098
Purchases	-	53,629	968,854	571,372	-	839,383	2,433,238
Outgoing	-	-	-	(312,308)	-	-	(312,308)
<b>Closing balance as of December 31, 2014</b>	<b>3,164,360</b>	<b>44,737,361</b>	<b>206,051,278</b>	<b>24,509,639</b>	<b>77,543</b>	<b>1,158,847</b>	<b>279,699,028</b>
<b>Accumulated Amortization</b>							
Opening balance as of January 01, 2014	-	(25,637,498)	(184,484,410)	(22,241,944)	(77,515)	-	(232,441,367)
Period cost	-	(774,236)	(4,286,381)	(686,852)	-	-	(5,747,469)
Outgoing	-	-	-	298,169	-	-	298,169
<b>Closing balance as of December 31, 2014</b>	<b>-</b>	<b>(26,411,734)</b>	<b>(188,770,791)</b>	<b>(22,630,627)</b>	<b>(77,515)</b>	<b>-</b>	<b>(237,890,667)</b>
<b>Net book value as of December 31, 2014</b>	<b>3,164,360</b>	<b>18,325,627</b>	<b>17,280,487</b>	<b>1,879,012</b>	<b>28</b>	<b>1,158,847</b>	<b>41,808,361</b>
<b>Cost Value</b>							
Opening balance as of Tuesday, January 01, 2013	3,164,360	44,614,939	203,641,258	23,796,432	77,543	-	275,294,532
Purchases	-	70,000	2,266,633	509,980	-	319,464	3,166,077
Outgoing	-	(1,207)	(825,467)	(55,837)	-	-	(882,511)
<b>Closing balance as of December 31, 2013</b>	<b>3,164,360</b>	<b>44,683,732</b>	<b>205,082,424</b>	<b>24,250,575</b>	<b>77,543</b>	<b>319,464</b>	<b>277,578,098</b>
<b>Accumulated Amortization</b>							
Opening balance as of Tuesday, January 01, 2013	-	(24,864,911)	(180,993,296)	(21,682,968)	(77,515)	-	(227,618,690)
Period cost	-	(773,640)	(4,316,581)	(614,813)	-	-	(5,705,034)
Outgoing	-	1,053	825,467	55,837	-	-	882,357
<b>Closing balance as of December 31, 2013</b>	<b>-</b>	<b>(25,637,498)</b>	<b>(184,484,410)</b>	<b>(22,241,944)</b>	<b>(77,515)</b>	<b>-</b>	<b>(232,441,367)</b>
<b>Net book value as of December 31, 2013</b>	<b>3,164,360</b>	<b>19,046,234</b>	<b>20,598,014</b>	<b>2,008,631</b>	<b>28</b>	<b>319,464</b>	<b>45,136,731</b>



Amortization times pertaining to tangible fixed assets are as follows:

	<b>Economic Life</b>
Buildings	20-50 years
Plant, Machinery and Equipment	5-15 years
Vehicles	5 years
Fixtures	2-5 years
Special Costs	5-10 years

The Group has a total amortization cost of 5,760,535 TRY, namely 5,747,469 TRY for tangible fixed assets and 13,066 TRY for intangible fixed assets as of December 31, 2014. Of the aforementioned amortization costs, 5,141,891 TRY was reflected in production costs, 329,847 TRY was reflected in general management overhead, 216,542 TRY was reflected in marketing costs, and 72,255 was reflected in research and development costs.

The Group has a total amortization cost of 5,705,663 TRY, namely 5,705,034 TRY for tangible fixed assets and 629 TRY for intangible fixed assets as of December 31, 2013. Of the aforementioned amortization costs, 5,161,629 TRY was reflected in production costs, 326,225 TRY was reflected in general management overhead, 168,142 TRY was reflected in marketing costs, and 49,667 was reflected in research and development costs.

## 9. INTANGIBLE FIXED ASSETS

<b>Cost Value</b>	<b>Rights</b>
<b>Opening balance as of January 01, 2014</b>	<b>1,011,923</b>
Purchases	51,614
<b>Closing balance as of December 31, 2014</b>	<b>1063537</b>
<b>Accumulated Amortization</b>	
<b>Opening balance as of January 01, 2014</b>	<b>(970,002)</b>
Period cost	(13,066)
<b>Closing balance as of December 31, 2014</b>	<b>(983,068)</b>
<b>Net book value as of December 31, 2014</b>	<b>80,469</b>

<b>Cost Value</b>	<b>Rights</b>
<b>Opening balance as of Tuesday, January 01, 2013</b>	<b>969,373</b>
Purchases	42,550
<b>Closing balance as of December 31, 2013</b>	<b>1,011,923</b>
<b>Accumulated Amortization</b>	
<b>Opening balance as of Tuesday, January 01, 2013</b>	<b>(969,373)</b>
Period cost	(629)
<b>Closing balance as of December 31, 2013</b>	<b>(970,002)</b>
<b>Net book value as of December 31, 2013</b>	<b>41,921</b>

Other intangible fixed assets include software used throughout the Group.

Depreciation times applicable to intangible fixed assets are as follows:

	<b>Economic Life</b>
Rights	8-20 years

## 10. PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES

### Provisions

	December 31, 2014	December 31, 2013
<b>Short term provisions</b>		
Cost accruals for international service contracts	676,746	399,761
Provisions of warranties	157,300	157,300
Other	204	124
	<b>834,250</b>	<b>557,185</b>
<b>Long term provisions</b>		
Provisions of warranties	380,178	380,178
Provisions for litigations (*)	1,691,265	1,115,083
	<b>2,071,443</b>	<b>1,495,261</b>

(\*) this is the amount set aside as a provision for various litigations filed against the Group. Provision sum is accounted for as general management overhead in the profit and loss statement. The balance dating to December 31, 2014 is not expected to be utilized within one year. In the management's opinion, subject litigations will not result in a considerable loss beyond the provision amount set aside as of December 31, 2014, provided that a suitable legal opinion is sought.

Movement tables pertaining to provisions of warranties and litigations as of December 31, 2014 and 2013 are as follows:

	Provisions for guarantee	Warranties Litigations	Total
<b>As of January 01, 2014</b>	<b>380,178</b>	<b>1,115,083</b>	<b>1,495,261</b>
Additional provision	-	277,826	277,826
Foreign exchange differences	-	298,356	298,356
<b>As of December 31, 2014</b>	<b>380,178</b>	<b>1,691,265</b>	<b>2,071,443</b>
	Provisions for guarantee	Warranties Litigations	Total
<b>As of Tuesday, January 01, 2013</b>	<b>579,103</b>	<b>2,072,670</b>	<b>2,651,773</b>
Additional provision	(198,925)	(566,689)	(765,614)
Foreign exchange differences	-	(390,898)	(390,898)
<b>As of December 31, 2013</b>	<b>380,178</b>	<b>1,115,083</b>	<b>1,495,261</b>

## 11. ENCUMBRANCES

### Collaterals-Pledges-Liens ("TRI")

Tables of the Group's collateral/pledge/lien movements as of December 31, 2014 and December 31, 2013 are as follows:

	December 31, 2014	December 31, 2013
<b>A. Total sum of Collaterals Given in the Name of the Group's Own Legal Personality:</b>	53,999,005	64,052,503
<b>B. Total Sum of Collaterals, Pledges and Liens Given in the Name(s) of All Affiliates Included in the Scope of Consolidation:</b>	-	-
<b>C. Total Sum of Collaterals, Pledges and Liens Given by the Group to Warrant the Liabilities of Other 3rd Parties for the Purpose of Pursuing Ordinary Commercial Activities:</b>	-	-
<b>D. Total Sum of Other Collaterals, Pledges and Liens Given</b>	77,777,028	48,993,136
<i>i. Total Sum of Collaterals, Pledges and Liens Given in Favor of the Main Partner</i>	-	-
<i>ii. Total Sum of Collaterals, Liens and Pledges Given in Favor of the Other Group Companies Excepting Items B and C</i>	27,573,662 Eur	16,684,194 Eur
<i>iii. Total Sum of Collaterals, Pledges and Liens Given in the Name(s) of 3rd Parties Excepting Item C</i>	-	-
<b>TOTAL</b>	<b>131,776,033</b>	<b>113,045,639</b>

Sum of collaterals, pledges and liens given by the group divided by the Group's equities 56% as of December 31, 2014 (43% as of December 31, 2013).

Letters of guarantee referenced in paragraph A consist of performance bonds given by the Group to custom authorities, several contract authorities and buyers under sales contracts. Letters of guarantee referenced in paragraphs D total to TL77,777,028 (27,573,662 Eur) and are given under the consortium partnership of the Group with Prysmian Power Link Srl.

The Group's open export credit undertaking obligation is 3,203,968 USD as of December 31, 2014 (as of December 31, 2013: 4,829,440 USD).

## 12. EMPLOYEE BENEFITS

## Payables in form of employee benefits

	December 31, 2014	December 31, 2013
Payables to the employees	1,073,622	598,437
Social security premiums payable	564,325	418,788
Tax and duties payable	578,544	564,426
	<b>2,216,491</b>	<b>1,581,651</b>

## Short term provisions for employee benefits

	December 31, 2014	December 31, 2013
Provisions for personnel premiums	598,253	1,333,814
Provisions for unused leaves	690,098	703,819
Provisions for premiums	-	4,251,420
	<b>1,288,351</b>	<b>6,289,053</b>

Movement tables pertaining to provisions of warranties and litigations as of December 31, 2014 and 2013 are as follows:

Table of movements of premium provisions	January 1 - December 31, 2014	January 1 - December 31, 2013
Provision as of January 1st	1,333,814	4,656,911
Provisions Paid/Cancelled	(735,561)	(3,323,097)
Provisions as of December 31, 2014	598,253	1,333,814

Table of movements of leave provisions	January 1 - December 31, 2014	January 1 - December 31, 2013
Provision as of January 1st	703,819	600,962
Added/Cancelled provisions, net	(13,721)	102,857
Provisions as of December 31, 2014	690,098	703,819

## Long term provisions for employee benefits

	December 31, 2014	December 31, 2013
Provisions of severance pays	7,662,612	6,490,157
	<b>7,662,612</b>	<b>6,490,157</b>

The Group has the obligation of making severance payments to every employee who has completed at least one year of service and retired following 25 years of employment (at the age of 58 for women and 60 for men), who's employment contract was terminated, who's been called for military service or who deceased.

Severance pays to be paid as of December 31, 2014 are subject to 3,438.22 TRY limitation (3,254.44 TRY for 2013).

Severance payment obligation is not subject to any funding legally. Provisions of severance pays are calculated on basis of today's value of the potential severance pay liability to accrue in the future as a result of employees' retiring. TAS 19 Employee Benefits provides that the group's liabilities thereunder are developed using actuarial valuation methods in the scope of predefined benefit plans. In this perspective, actuarial assumptions used for calculation of total liabilities are defined below:

Main assumption is that the maximum liability shall increase in parallel to the inflation rate for every year of service. Accordingly, applicable discount rate represents the real expected rate after the adjustments in relation to the effects of future inflation rates. Therefore, as of December 31, 2014, provisions included in the attached consolidated financial statements are calculated on basis of today's value of the potential liabilities to accrue as a result of employees' retirement. Provisions given for relevant balance sheet dates were calculated based on approximately 3.33% (December 31, 2013, 3.47%) real discount rate, with the assumptions of yearly inflation rate of 5.00% and annual interest rate of 8.50%. Severance pays that shall not be paid -and therefore will be left for the Group- as a result of resignation at the employee's discretion are assumed to be 98% (December 31, 2013: 98%). Severance payment ceiling is revised once in every six months and the ceiling sum of 3,541.37 TRY, which is effective as of January 1, 2015, has been the basis for calculation of the Group's provisions of severance pays.

Important estimations used for calculation of the severance pay liability are discount rate and voluntary resignation rate.

	January 1 - December 31, 2014	January 1 - December 31, 2013
<b>Provision as of January 1st</b>	<b>6,490,157</b>	<b>7,546,427</b>
Service cost	458,042	439,010
Interest cost	497,000	540,060
Severance payments made	(1,463,587)	(1,764,340)
Actuarial loss/(gain)	1,681,000	(271,000)
<b>Provision as of December 31st</b>	<b>7,662,612</b>	<b>6,490,157</b>

### 13. EXPENSES BASED ON THEIR TYPES

	January 1 - December 31, 2014	January 1 - December 31, 2013
First material and material costs	(625,288,546)	(591,650,308)
Cost of commercial goods sold	(110,562,089)	(49,271,824)
Logistics costs and letter of guarantee commissions	(32,763,218)	(35,586,699)
Production costs	(30,474,491)	(27,467,797)
License and service costs (Footnote 3)	(22,363,673)	(19,542,192)
Direct labor costs	(15,410,932)	(14,994,014)
Personnel costs	(11,500,404)	(11,439,209)
Amortization costs (Footnote 8-9)	(5,760,535)	(5,705,663)
External service costs	(1,644,285)	(1,597,094)
Other costs	(73,875,510)	(51,082,236)
	<b>(929,643,683)</b>	<b>(808,337,036)</b>

### 14. OTHER ASSETS AND LIABILITIES

<b>Other Floating Assets</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Receivables from the tax office	16,853,019	9,526,681
VAT Carried Forward	10,576,451	4,054,106
Advance orders given	8,362,252	17,966,447
Miscellaneous Floating Assets	393,136	258,133
	<b>36,184,858</b>	<b>31,805,367</b>

<b>Other Short Term Liabilities</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Taxes, duties and other deductions payable	6,328,842	1,354,535
Other various debt and liabilities	315,528	315,500
	<b>6,644,370</b>	<b>1,670,035</b>

### 15. CAPITAL, RESERVES and OTHER EQUITY ITEMS

#### a) Capital / Mutual Capital Adjustment

The Group's paid in capital structures as of December 31, 2014 and 2013 are as follows:

Shareholders	%	December 31, 2014	%	December 31, 2013
Prysmian (Dutch) Holdings B.V.	-	-	83.75	93,991,660
Draka Holding B.V.	83.75	93,991,660	-	-
Other	16.25	18,241,992	16.25	18,241,992
<b>Capital</b>	<b>100.00</b>	<b>112,233,652</b>	<b>100.00</b>	<b>112,233,652</b>
Inflation adjustment				
Rearranged capital		112,233,652		112,233,652
Mutual capital adjustment				
<b>Adjusted capital</b>		<b>112,233,652</b>		<b>112,233,652</b>

The Group's capital as of December 31, 2014, consists of 112,233,652 shares (112,233,652 shares as of December 31, 2013). Shares' nominal value is 1 TRY per share (December 31, 2013: 1 TRY per share). All issued shares were paid in cash.

**b) Limited Profit Reserves**

	December 31, 2014	December 31, 2013
Legal reserves	4,421,732	3,881,474
Real estate and affiliate sales revenue exemptions (*)	2,978,592	2,978,592
	<b>7,400,324</b>	<b>6,860,066</b>

(\*) Corporate Income Tax Code, Code No: 5520 rearranges the Exemption for Real Estate and Participation Sales Revenues and -in contrast to the provisions of the former Corporate Income Tax Code, Code No: 5422, brings about the obligation to contribute to the capital. For this reason, 75% of the revenue acquired by sales must be kept in a special fund account until the end of year five commencing with the date of sales. The amount can be added to the capital during this time or thereafter; but free disposal of the moneys in the fund is only possible after the elapse of the aforementioned five year time.

As per the provisions of the Turkish Commerce Code, 5% of the annual profit is added to the general reserve fund until such time that the general reserve reaches to 20% of the company's paid-in capital. Other legal reserve fund is set aside once dividend, namely five percent of the profit, is distributed to the shareholders, and shall be 10% of the sum that is so distributed. As per the provisions of the Turkish Commerce Code, as long as the general legal reserve fund does not exceed half of the capital or issued capital, it can be used only for purposes of compensating the losses, continuing the business in difficult times and/or preventing or alleviating the unemployment.

Total of reserve funds set aside by the Group as of December 31, 2014, is 7,400,324 TRY (2013: 6,860,066 TRY).

Distribution of Profit:

Publicly traded companies distribute dividends in accordance with the provisions of Dividend Communiqué, No: II-19.1, effective February 1, 2014, of the SPK.

Partnerships distribute their dividends in line with the dividend distribution policies that are determined by the general assemblies and as per the provisions of the governing legislation. In the scope of the aforementioned Communiqué, there isn't a minimum distribution amount set. Companies distribute dividends as defined in their articles of association or in their dividend distribution policies.

In accordance with the financial statements for year 2014, prepared in accordance with the Turkish Accounting Standards and provisions of the Capital Market Board (SPK), and passed the independent audit; considering "tax obligation in the period" and "deferred tax revenue" considered together, and subject to SPK's arrangements on dividend distribution and the Company's current dividend distribution policies, it was decided in Ordinary General Assembly Meeting on February 28, 2014 that legal reserves for the year 2014 to be set aside from the 11,810,474 TRY "Net Profit in Period" and the balance of 7,162,752 TRY to be distributed to entitled parties as dividend.

**16. REVENUE**

<b>a) Sales</b>	January 1 - December 31, 2014	January 1 - December 31, 2013
Domestic Sales	1,127,764,491	958,158,105
International Sales	276,764,905	279,271,948
Sales rebates (-)	(443,080,538)	(414,981,836)
	<b>961,448,858</b>	<b>822,448,217</b>

A price list is prepared on product basis by the sales department a few times a year or whenever necessary depending on the changes that occur in raw material prices and foreign exchange rates.

Sales rebate and discount policies applicable to sales conducted are determined solely on basis of the market conditions and full competition conditions irrespective of the sales being domestic or international or intragroup.

<b>b) Cost of sales</b>	January 1 - December 31, 2014	January 1 - December 31, 2013
First material and material costs	(625,288,546)	(591,650,308)
Personnel costs	(15,410,932)	(14,994,014)
General production costs	(30,474,491)	(27,467,797)
Amortization costs (Footnote 8)	(5,141,891)	(5,161,629)
Cost of commercial goods sold	(110,562,089)	(49,271,824)
Cost of services sold	(67,168,349)	(45,741,197)
	<b>(854,046,298)</b>	<b>(734,286,769)</b>

In addition, total personnel cost included in general production costs is 20,822,802 TRY for year 2014 (2013: 19,779,792 TRY)

## 17. RECEIVABLES UNDER CONSTRUCTION CONTRACTS

	December 31, 2014	December 31, 2013
Costs of ongoing works	167,690,816	62,948,342
Profits recorded minus losses (net)	25,449,422	8,827,769
	<b>193,140,238</b>	<b>71,776,111</b>
Minus: Accrued remunerations (-)	(134,020,091)	(36,441,826)
	<b>59,120,147</b>	<b>35,334,285</b>

Remunerations and costs accrued in consolidated financial statements are as follows:

	December 31, 2014	December 31, 2013
Receivables under ongoing construction contracts	59,120,147	35,334,285
Remunerations under ongoing construction contracts	-	-
	<b>59,120,147</b>	<b>35,334,285</b>

The Group bases the reflection of the revenues and costs in financial tables on the percentage of completion of the contract activities. Contracts for ongoing works signed by the Group in the previous year that are completed or ongoing are as follows:

## a) Lapseki – Sutluce 380 kV Submarine Cable Project:

The Group has signed the contract for the aforementioned construction works on September 19, 2012. The Group has reflected in financial statements, the revenues and costs of the aforementioned construction works based on 88% completion rate.

## b) Maslak 1453 – Ağaoğlu Akdeniz İnşaat- 154kV Project:

The Group has signed the contract for the aforementioned construction works on Friday, October 12, 2012. The Group has reflected in financial statements, the revenues and costs of the aforementioned construction works based on 100% completion rate.

## c) Çalık Turkmenistan 110 kV Cable and Accessories Project:

The Group has signed the contract for the aforementioned construction works on Monday, April 29, 2013. The Group has reflected in financial statements, the revenues and costs of the aforementioned construction works based on 95% completion rate.

## d) ŞA-RA Energy / İTM-89 154 kV North Adana Project:

The Group has signed the contract for the aforementioned construction works on November 11, 2013. The Group has reflected in financial statements, the revenues and costs of the aforementioned construction works based on 95% completion rate.

## e) Habaş / Aliğa- İzmir 154 Kv Cable and Accessories Project:

The Group has signed the contract for the aforementioned construction works on October 07, 2013. The Group has reflected in financial statements, the revenues and costs of the aforementioned construction works based on 13% completion rate.

## f) TCDD - İdealtepe-Büyükbakkalköy 9 KM 154 kV Project:

The Group has signed the contract for the aforementioned construction works on February 10, 2014. The Group has reflected in financial statements, the revenues and costs of the aforementioned construction works based on 93% completion rate.

## 18. GENERAL MANAGEMENT OVERHEAD, MARKETING COSTS, RESEARCH AND DEVELOPMENT COSTS

	January 1 - December 31, 2014	January 1 - December 31, 2013
General Management Overhead (-)	(31,210,918)	(28,888,629)
Marketing Costs (-)	(42,640,318)	(43,666,964)
Research and Development Costs (-)	(1,746,149)	(1,494,674)
	<b>(75,597,385)</b>	<b>(74,050,267)</b>

## a) Details of General Management Overhead

	January 1 - December 31, 2014	January 1 - December 31, 2013
License and service costs (Footnote 3)	(22,363,673)	(19,542,192)
Personnel costs	(5,636,713)	(6,948,120)
External service costs	(1,098,654)	(948,064)
Amortization costs (Footnote 8-9)	(329,847)	(326,225)
Other general management costs	(1,782,031)	(1,124,028)
	<b>(31,210,918)</b>	<b>(28,888,629)</b>

**b) Details of Marketing Costs**

	January 1 - December 31, 2014	January 1 - December 31, 2013
Logistics costs and letter of guarantee commissions	(32,763,218)	(35,586,699)
Personnel costs	(4,991,712)	(3,885,391)
Amortization costs (Footnote 8-9)	(216,542)	(168,142)
Other sales and distribution costs	(4,668,846)	(4,026,732)
	<b>(42,640,318)</b>	<b>(43,666,964)</b>

**c) Details of Research and Development Costs**

	January 1 - December 31, 2014	January 1 - December 31, 2013
Personnel costs	(871,979)	(605,698)
External service costs	(545,631)	(649,030)
Amortization costs (Footnote 8-9)	(72,255)	(49,667)
Other costs	(256,284)	(190,279)
	<b>(1,746,149)</b>	<b>(1,494,674)</b>

**19. OTHER OPERATING REVENUES AND COSTS**

Details of other revenues made in main fields of activity in the years that ended on December 31, 2014 and 2013 are as follows:

**Other Revenues from Main Activities**

	January 1 - December 31, 2014	January 1 - December 31, 2013
Revenues made from derivative financial instruments for trade-Closed	14,070,408	14,028,439
Revenues made from derivative financial instruments for trade-Open	3,316,286	12,158,992
Cost reflection revenues	1,992,100	1,297,635
Interest revenues	1,615,827	2,942,604
Installment plan revenues for trade receivables	929,291	1,680,724
Rediscount (cost)/revenue of trade payables, net	(78,034)	26,158
Other revenues	24,930	101,740
	<b>21,870,808</b>	<b>32,236,292</b>

**Other Costs in Main Activities**

	January 1 - December 31, 2014	January 1 - December 31, 2013
Costs incurred in derivative financial instruments for trade-Closed	(17,288,764)	(5,884,761)
Costs incurred in derivative financial instruments for trade-Open	(984,203)	(306,382)
Costs of foreign exchange rate differences in trade activities, net	(12,516,565)	(22,350,016)
Financing costs for trade activities	(6,269,665)	(3,047,735)
Costs of provisions for bad debt	(1,692,273)	(1,532,775)
Cost of inventory provision, net	(166,877)	62605
Interest costs	-	(640,851)
Rediscount cost for trade receivables	(157,843)	(769,172)
Other costs	(430,545)	(358,235)
	<b>(39,506,735)</b>	<b>(34,827,322)</b>

**20. OTHER REVENUES FROM INVESTMENT ACTIVITIES**

Details of other revenues from investment activities in the years that ended on December 31, 2014 and 2013 are as follows:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Fixed asset sales revenues	152,626	116,769
	<b>152,626</b>	<b>116,769</b>

**21. ANALYSIS OF OTHER COMPREHENSIVE REVENUE ITEMS**

	December 31, 2014	December 31, 2013
Revaluation (Losses)/Gains of Defined Benefit Plans	(1,344,800)	216,800
	<b>(1,344,800)</b>	<b>216,800</b>

**22. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)**

<b>Short Term Assets Regarding Current Period Tax</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Withholding taxes paid for long term construction and repair projects	7,833,908	1,611,136
Interim tax receivable	2,400,081	-
Bank withholding taxes	1,118,210	-
	<b>11,352,199</b>	<b>1,611,136</b>

<b>Current tax liability</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Provision of current corporate income tax	-	-
Minus: Prepaid taxes and duties	(2,400,081)	-
	<b>(2,400,081)</b>	<b>-</b>

<b>Tax costs / (revenues) consists of the following:</b>	<b>January 1 - December 31, 2014</b>	<b>January 1 - December 31, 2013</b>
Current tax liability	-	-
Deferred tax assets liability	(2,511,400)	(2,491,028)
<b>Total tax liability</b>	<b>(2,511,400)</b>	<b>(2,491,028)</b>

Tax effects pertaining to other comprehensive revenues are as follows:

	<b>January 1 - December 31, 2014</b>			<b>January 1 - December, 31 2013</b>		
	<b>Before tax amount</b>	<b>Tax cost/ revenue</b>	<b>After tax amount</b>	<b>Before tax amount</b>	<b>Tax cost/ revenue</b>	<b>After tax amount</b>
Actuarial valuation (losses) and gains from retirement plans	(1,681,000)	(336,200)	(1,344,800)	271,000	(54,200)	216,800
<b>Other comprehensive revenue/(cost) in the period</b>	<b>(1,681,000)</b>	<b>(336,200)</b>	<b>(1,344,800)</b>	<b>271,000</b>	<b>(54,200)</b>	<b>216,800</b>

**Corporate Income Tax**

The Group is subject to corporate income tax in Turkey. Provisions are set aside in the consolidated financial tables attached for the estimated tax obligations of the Group resulting from the activities in the current period. Turkish tax legislation allows the Group, which is the main partnership, to submit tax return based on the consolidated financial statements where affiliates results are consolidated. Accordingly, tax obligations reflected on the consolidated financial statements are calculated individually for all companies included in the scope of the consolidation.

The rate of corporate tax to be accrued over taxable corporate yield is calculated over the taxable amount remaining after the addition of the expenses not deducted from the taxable amount posted as expenditure items for the purposes of determination of trade profits and after deduction of tax-exempt profits, non-taxable incomes and other discounts (historic losses if any and investment discounts utilized if preferred).

Effective tax rate applicable to year 2014 is 20% (2013: 20%).

**Deferred Tax**

The Group accounts for deferred tax asset and liability for interim timing differences originating from the differences between their financial statements constituting the basis for legal tax obligation and their financial tables prepared in accordance with TAS. Aforementioned differences are usually due to differences in certain revenue and cost items in financial tables constituting the basis for legal tax obligation and those financial tables prepared in accordance with TAS, and are noted below.

Tax rate applicable to calculation of deferred tax assets and liabilities is 20% (2013: 20%).

Because enterprises are not allowed to submit consolidated tax returns in Turkey, affiliates that does not have deferred tax assets are not consolidated with those that have deferred tax assets, and are shown separately.



Deferred tax (assets)/liabilities	December 31, 2014	December 31, 2013
Revaluation and tangible assets amortization / other intangible assets depreciation differences	635,600	960,189
Provisions of severance pays	(1,532,522)	(1,298,031)
Revenue accruals for long term construction projects	5,305,499	1,167,181
Net difference between recorded value of inventories and tax bases	(258,601)	(695,631)
Purchasing bonuses	40,220	40,220
Trade receivables	(746,534)	(789,529)
Trade payables	41,444	57,051
Provisions for litigations	(338,253)	(223,017)
Provisions of leaves	(137,997)	(139,903)
Derivative instruments	1,538,002	1,830,375
Past years' losses	(3,227,633)	(1,150,110)
Other	(447,575)	(1,062,345)
	<b>871,650</b>	<b>(1,303,550)</b>

As of balance sheet date, the Group has a 16,138,162 TRY (2013: 5,750,552 TRY) unused tax loss that can be netted against potential gains in the future and a deferred tax asset of 3,227,663 TRY (2013: 1,150,110 TRY) has been reflected in records in consideration of the foregoing.

Years when carried forward past year losses, for which deferred tax asset was set, will end are as follows:

	December 31, 2014	December 31, 2013
Will end on 2019	5,750,552	5,750,552
Will end on 2020	10,387,610	-
	<b>16,138,162</b>	<b>5,750,552</b>

Movements of deferred tax (assets)/liabilities for the year that ended on December 31, 2014, are given below:

Deferred tax (asset)/ liability movements:	January 1 - December 31, 2014	January 1 - December 31, 2013
<b>Closing balance as of January 1</b>	<b>(1,303,550)</b>	<b>(3,848,778)</b>
Accounted for in income statement	2,511,400	2,491,028
Accounted for under equities	(336,200)	54,200
<b>Closing balance as of December 31</b>	<b>871,650</b>	<b>(1,303,550)</b>

Reconciliation of the period tax obligation with the period profit is as follows:

Reconciliation of provision of tax	January 1 - December 31, 2014	January 1 - December 31, 2013
<b>Profit before tax from activities</b>	<b>14,321,874</b>	<b>11,636,920</b>
Income tax rate is 20% (2012: 20%)	2,864,375	2,327,384
Tax effect:		
- Non-Deductible Expenses	320.926	163.644
- Adjustment related receivable accruals	(673.901)	-
<b>Cost of tax provision in the income statement</b>	<b>2,511,400</b>	<b>2,491,028</b>

## 23. PROFIT PER SHARE

Profit per share	January 1 - December 31, 2014	January 1 - December 31, 2013
Average number of shares throughout the period (full value)	112,233,652	112,233,652
Net period profit of main company shareholders	11,810,474	9,145,892
Gain per share from ongoing and halted activities (TRY)	0,1052	0,0815

## 24. DERIVATIVE INSTRUMENTS

	December 31, 2014		December 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Currency forward transactions	14,184,693	(6,494,681)	11,852,610	(2,700,733)
Short Term	14,184,693	(6,494,681)	11,852,610	(2,700,733)
Long term	-	-	-	-
	<b>14,184,693</b>	<b>(6,494,681)</b>	<b>11,852,610</b>	<b>(2,700,733)</b>

Currency derivative transactions:

The Group makes use of currency derivative instruments in order to protect its important future transactions and cash flows. The Group is party to various currency forward contracts and options based on the management of fluctuations of the foreign exchange rates. Derivative instruments bought are basically in currencies that are the principle currencies of the markets where the Group has activities.

Total nominal value of the currency forward contracts of which the group is responsible as of the balance date is as follows:

	December 31, 2014	December 31, 2013
Currency forward contracts	217,948,501	178,810,170
	<b>217,948,501</b>	<b>178,810,170</b>

Aforementioned contracts are about the foreign exchange rate risks of 2014, and are renewed as necessary.

Change in fair value of foreign exchange derivative transactions worth 217,948,501 TRY, for purposes other than protection from the financial risks, is reflected in the income statement. (2013: 178,810,170 TRY).

## 25. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

### a) Capital Risk Management

The group aims to increase its profits by trying to sustain its operations for capital management purposes and making best use of the balance between payables and equity.

To maintain and regulate its capital structure, the Group may change the amount of dividends payable to shareholders, return the capital to the shareholders, may issue new shares and sell its assets in order to reduce borrowing.

The Group reviews the capital based on the leverage ratio in order to fall in line with other companies in the industry. The said ratio is calculated by dividing total net payables to total capital. And net payables is calculated by deducting cash and cash equivalents from the total loan amount (with the inclusion of current and non-current loans in the consolidated financial statement). The total capital is calculated by the addition of the "equity" item and the net payables in the consolidated statement.

The ratio of equities to payables as of 31 December 2014 and 2013 is as follows:

	2014 TL	2013 TL
Total Payables	502,698,050	454,128,786
Minus: Cash and Cash Equivalents	158,967,234	172,260,139
Net Debt	343,730,816	281,868,647
Total Equities	138,814,694	135,511,772
Equity/Payables Ratio	40%	48%

### b) Financial Risk Factors

The group is exposed to market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risks due to its operations. The group's risk management program focuses mainly on minimizing the negative impacts of uncertainty in financial markets on the group's financial performance. The group utilizes derivatives in order to protect from various financial risks.

Risk management is conducted by a central treasury unit in line with the policies approved by the Board of Directors. As per risk policies, financial risks are defined and reviewed by the group's treasury unit and instruments aimed to minimize the risks are utilized together with the group's operational units. The Board of Directors creates a general written document relating to risk management and written procedures aimed at the utilization of foreign currency risks, interest risk, borrowing risk, derivatives and other non-derivative financial instruments and procedures that include various types of risks such as how surplus liquidity will be utilized.

## b.1) Credit risk management

Borrowing risks the group is exposed to by types of financial instruments	Receivables				Bank Deposits	Derivative Instruments
	Trade Receivables		Other Receivables			
December 31, 2014	Related Party	Other Party	Related Party	Other Party		
Maximum credit risk the group is exposed to as of the date of report (*)	4,573,264	219,785,787	-	-	157,554,294	14,184,693
- The portion of maximum risk guaranteed by collaterals etc. (**)	-	63,147,717	-	-	-	-
A. Net book value of non-due or non-depreciated financial assets	4,535,046	206,659,102	-	-	157,554,294	14,184,693
B. Net book value of overdue but non-depreciated assets	38,218	1,624,120	-	-	-	-
C. Net book value of depreciated assets	-	11,502,565	-	-	-	-
- Overdue (gross book value)	-	33,027,005	-	-	-	-
- Depreciation (-)	-	(21,524,440)	-	-	-	-
- Portion of net book value secured by collaterals etc.	-	7,163,285	-	-	-	-
- Nondue (gross book value)	-	-	-	-	-	-
- Depreciation (-)	-	-	-	-	-	-
- Portion of net book value secured by collaterals etc.	-	-	-	-	-	-
D. Elements containing non-balance sheet borrowing risks	-	-	-	-	-	-

(\*) Elements that cause an increase in credit reliability as well as collaterals received are ignored in determining the amount.

(\*\*) Collaterals are surety bonds, surety checks and mortgages received from the customer.

Borrowing risks the group is exposed to by types of financial instruments	Receivables				Bank Deposits	Derivative Instruments
	Trade Receivables		Other Receivables			
December 31, 2013	Related Party	Other Party	Related Party	Other Party		
Maximum credit risk the group is exposed to as of the date of report (*)	9,303,635	193,555,497	-	-	168,607,059	11,852,610
- The portion of maximum risk guaranteed by collaterals etc. (**)	-	60,805,941	-	-	-	-
A. Net book value of non-due or non-depreciated financial assets	9,112,780	185,929,104	-	-	168,607,059	11,852,610
B. Net book value of overdue but non-depreciated assets	190,855	3,978,699	-	-	-	-
C. Net book value of depreciated assets	-	3,647,694	-	-	-	-
- Overdue (gross book value)	-	22,218,105	-	-	-	-
- Depreciation (-)	-	(18,570,411)	-	-	-	-
- Portion of net book value secured by collaterals etc.	-	2,514,097	-	-	-	-
- Nondue (gross book value)	-	-	-	-	-	-
- Depreciation (-)	-	-	-	-	-	-
- Portion of net book value secured by collaterals etc.	-	-	-	-	-	-
D. Elements containing non-balance sheet borrowing risks	-	-	-	-	-	-

(\*) Elements that cause an increase in credit reliability as well as collaterals received are ignored in determining the amount.

(\*\*) Collaterals are surety bonds, surety checks and mortgages received from the customer.

The group's exposure to risks due to non-performance of contract liabilities by one of the parties to the financial instrument is described as borrowing risk. The group struggles to carry out its operations only with credit-worthy parties and, where possible, reduce its borrowing risks by getting sufficient amount of collaterals. The group's exposure to credit risks and the customers' credit ranking are being monitored on a continual basis. Credit risks are controlled through margins set by customers and reviewed and approved by the board of risk management on an annual basis.

Trade receivables include many customers in various sectors and geographical regions. The customers are continually reviewed for credit risks over their balance of trade receivables, and their receivables are insured where and as necessary.

*Announcements relating to the creditworthiness of financial assets*

The credit quality of non-due and non-depreciated financial assets is evaluated as per external evaluation and retrospective internal ranking data as follows:

<b>Trade receivables</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
As per internal ranking data;		
Grup 1	4,293,403	15,746,579
Grup 2	193,624,420	142,878,449
Grup 3	13,276,325	36,416,856
	<b>211,194,148</b>	<b>195,041,884</b>
<b>Total trade receivables</b>	<b>224,359,051</b>	<b>202,859,132</b>

Group 1 - New customers / related parties contacted in less than 6 months

Group 2 - Customers / related parties contacted in more than 6 months, with no collection problems

Group 3 - Customers / related parties contacted in more than 6 months, with collection problems from time to time

The provisions for doubtful receivables for financial assets is set based on past non-collection experience.

<b>Cash and cash equivalents</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
A (*)	157,554,294	168,607,059
<b>Total</b>	<b>157,554,294</b>	<b>168,607,059</b>

<b>Derivative instruments</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
A (*)	14,184,693	11,852,610
<b>Total</b>	<b>14,184,693</b>	<b>11,852,610</b>

(\*) This means the credit rating score that is obtained by the related banks from the rating agencies.

Aging of overdue receivables is as follows:

	December 31, 2014	December 31, 2013
	Receivables	Receivables
	Trade Receivables	Trade Receivables
1-30 days after maturity	8,289,140	9,182,083
1-3 months after maturity	421,754	105,240
3-12 months after maturity	7,920,324	378,738
1-5 years after maturity	683,220	660,010
More than 5 years after maturity	17,374,904	16,136,361
<b>Total overdue receivables</b>	<b>34,689,342</b>	<b>26,462,432</b>
<b>Portion secured against collaterals</b>	<b>8,223,032</b>	<b>6,574,915</b>

Collaterals received from those overdue trade receivables for which provisions were set aside as of the date of balance sheet are as follows:

	December 31, 2014	December 31, 2013
Collaterals received	7,163,285	2,514,097
	<b>7,163,285</b>	<b>2,514,097</b>

#### *b.2) Liquidity risk management*

The main responsibility for liquidity risk management lies with the board of directors. The board of directors created a favorable liquidity risk management for the short, medium and long-term funding and liquidity requirements of the group management. The group manages the liquidity risks by regularly monitoring the estimated and actual cash flows and maintaining sufficient funds and borrowing reserves by way of matching the terms of financial assets and liabilities.

The following table shows the term distribution of the group's non-derivative and derivative financial liabilities. Non-derivative financial liabilities are prepared without discount and based on the earliest possible dates of payment. Interests payable over the said interest rates are included in the following table. Derivative financial liabilities are arranged according to the non-discounted net cash entry and exits. Term transaction instruments are paid net for gross payable term transactions and are realized over the non-discounted, gross cash entries and exits. The amounts announced when the receivables and payables are not even is set using the interest rate obtained from the earning curves on the report date.

#### **Liquidity risk statement:**

##### **December 31, 2014**

Terms as per the contract	Book Value	Total cash exits as per contract (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
<b>Non-derivative financial liabilities</b>						
Trade payables	427,575,057	427,782,277	345,953,820	81,828,457	-	-
Other payables (Footnote:5)	135,144	135,144	135,144	-	-	-
<b>Total liabilities</b>	<b>427,710,201</b>	<b>427,917,421</b>	<b>346,088,964</b>	<b>81,828,457</b>	-	-

Since the anticipated terms are close to the contractual terms, no separate table is created for anticipated terms.

##### **December 31, 2014**

Terms as per the contract	Book Value	Total cash exits as per contract (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
<b>Derivative financial liabilities</b>						
Derivative cash entries, net	7,690,012	217,948,501	144,380,272	73,568,229	-	-

December 31, 2013

Terms as per the contract	Book Value	Total cash exits as per contract (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
<b>Non-derivative financial liabilities</b>						
Trade payables	394,272,675	394,557,929	226,825,954	167,731,975	-	-
Other liabilities (Footnote:5)	356,812	356,812	356,812	-	-	-
<b>Total liabilities</b>	<b>394,629,487</b>	<b>394,914,741</b>	<b>227,182,766</b>	<b>167,731,975</b>	-	-

Since the anticipated terms are close to the contractual terms, no separate table is created for anticipated terms.

December 31, 2013

Terms as per the contract	Book Value	Total cash exits as per contract (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
<b>Derivative financial liabilities</b>						
Derivative cash entries, net	9,151,877	178,810,170	114,567,740	64,242,430	-	-

### *b.3) Market risk management*

The group's operations are first exposed to financial risks in currency and interest rates as detailed below. In order to be able to control the currency and interest rate risks, the Group utilizes various financial derivative instruments including the following:

1. Term currency sale and purchase contracts to hedge against currency risks resulting from product exports
2. Currency swaps made to control currency risks out of foreign currency loans under control

There was no change in the market risks that the group was exposed to in the current year or in the management and measurement methods of exposed risks compared with the previous year.

*b.3.1) Currency risk management*

Foreign currency transactions result in foreign currency risks. Foreign currency risks are managed by currency same and purchase contracts based on approved policies.

The distribution of the group's foreign currency monetary and non-monetary assets and monetary and non-monetary liabilities are as follows:

	December 31, 2014				
	TL Equivalent (Functional currency)	US Dollars	EUR	GBP	CHF
1. Trade Receivables	98,433,871	23,454,049	15,615,371	-	-
2a. Monetary Financial Assets (including Cash, Bank Accounts)	87,503,407	26,480,239	9,252,117	260	-
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	1,918,510	5,132	675,247	540	-
<b>4. CURRENT ASSETS</b>	<b>187,855,788</b>	<b>49,939,420</b>	<b>25,542,735</b>	<b>800</b>	-
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. FIXED ASSETS</b>	-	-	-	-	-
<b>9. TOTAL ASSETS</b>	<b>187,855,788</b>	<b>49,939,420</b>	<b>25,542,735</b>	<b>800</b>	-
10. Trade Payables	392,979,030	147,449,895	17,854,386	-	-
11. Financial Liabilities	-	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-
<b>13. SHORT-TERM LIABILITIES</b>	<b>392,979,030</b>	<b>147,449,895</b>	<b>17,854,386</b>	-	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-
16 a. Other Monetary Liabilities	50,257,612	1,073,392	16,902,867	-	-
16 b. Other Non-Monetary Liabilities	-	-	-	-	-
<b>17. LONG-TERM LIABILITIES</b>	<b>50,257,612</b>	<b>1,073,392</b>	<b>16,902,867</b>	-	-
<b>18. TOTAL LIABILITIES</b>	<b>443,236,642</b>	<b>148,523,287</b>	<b>34,757,253</b>	-	-
<b>19. Net asset/liability position of non-balance sheet derivatives (19a-19b)</b>	<b>217,948,501</b>	<b>98,391,235</b>	<b>(3,620,000)</b>	-	-
19a. Amount of Active Non-Balance Sheet Foreign Currency Derivatives	228,159,435	98,391,235	-	-	-
19b. Amount of Passive Non-Balance Sheet Foreign Currency Derivatives	10,210,934	-	3,620,000	-	-
<b>20. Net Foreign Currency Assets / (Liabilities) Position (9-18+19)</b>	<b>(37,432,353)</b>	<b>(192,632)</b>	<b>(12,834,518)</b>	<b>800</b>	-
<b>21. Monetary items net foreign currency assets/liabilities position (IFRS 7.B23) (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(257,299,364)</b>	<b>(98,588,999)</b>	<b>(9,889,765)</b>	<b>260</b>	-
<b>22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging</b>	<b>217,948,501</b>	<b>98,391,235</b>	<b>(3,620,000)</b>	-	-
<b>23. Hedged portion of foreign currency assets</b>	<b>228,159,435</b>	<b>98,391,235</b>	-	-	-
<b>24. Hedged portion of foreign currency liabilities</b>	<b>10,210,934</b>	-	<b>3,620,000</b>	-	-
<b>25. Total Exports (TL)</b>	<b>276,794,000</b>	-	-	-	-
<b>26. Total Imports (TL)</b>	<b>492,027,000</b>	-	-	-	-

	December 31, 2013				
	TL Equivalent (Functional currency)	US Dollar	EUR	GBP	CHF
1. Trade Receivables	89,916,302	32,175,155	7,234,758	-	-
2a. Monetary Financial Assets	134,644,531	38,448,663	17,905,408	1230	-
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	10,317,152	185	3,513,284	-	-
<b>4. CURRENT ASSETS</b>	<b>234,877,985</b>	<b>70,624,003</b>	<b>28,653,450</b>	<b>1,230</b>	<b>-</b>
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Nonmonetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. FIXED ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>234,877,985</b>	<b>70,624,003</b>	<b>28,653,450</b>	<b>1,230</b>	<b>-</b>
10. Trade Payables	356,526,919	141,039,790	18,565,767	100,000	-
11. Financial Liabilities	-	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-
12b. Other Nonmonetary Liabilities	-	-	-	-	-
<b>13. SHORT TERM LIABILITIES</b>	<b>356,526,919</b>	<b>141,039,790</b>	<b>18,565,767</b>	<b>100,000</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-
16a. Other Monetary Liabilities	93,013,546	3,482,510	29,086,815	-	-
16b. Other Nonmonetary Liabilities	-	-	-	-	-
<b>17. LONG TERM LIABILITIES</b>	<b>93,013,546</b>	<b>3,482,510</b>	<b>29,086,815</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>449,540,465</b>	<b>144,522,300</b>	<b>47,652,582</b>	<b>100,000</b>	<b>-</b>
<b>19. Net asset/liability position of non-balance sheet derivatives (19a-19b)</b>	<b>178,810,170</b>	<b>76,900,000</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>
19b. Amount of Passive Non-Balance Sheet Foreign Currency Derivatives	164,127,670	76,900,000	-	-	-
19b. Amount of Passive Non-Balance Sheet Foreign Currency Derivatives	(14,682,500)	-	(5,000,000)	-	-
<b>20. Net Foreign Currency Assets / Liabilities Position</b>	<b>(35,852,310)</b>	<b>3,001,703</b>	<b>(13,999,132)</b>	<b>(98,770)</b>	<b>-</b>
<b>21. Monetary items net foreign currency assets/liabilities position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(224,979,632)</b>	<b>(73,898,482)</b>	<b>(22,512,416)</b>	<b>(98,770)</b>	<b>-</b>
<b>22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging</b>	<b>178,810,170</b>	<b>76,900,000</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>
<b>23. Hedged portion of foreign currency assets</b>	<b>164,127,670</b>	<b>76,900,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Hedged portion of foreign currency liabilities</b>	<b>(14,682,500)</b>	<b>-</b>	<b>(5,000,000)</b>	<b>-</b>	<b>-</b>
<b>25. Total Exports (TL)</b>	<b>279,271,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26. Total Imports (TL)</b>	<b>374,092,477</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



*Sensitivity to foreign exchange rate risks*

The Group is mainly exposed to USD and Euro foreign exchange rate risks.

Following table shows the sensitivity of the Group to 10% increase and 10% decrease in US Dollar and Euro exchange rates. 10% is the rate that is used throughout the Group for reporting the foreign exchange rate risk to senior management and represents the potential change that is expected by the management to occur in foreign exchange rates. Sensitivity analysis covers solely the monetary items based on foreign currencies by the end of the year and represents the effects of a 10% change in the aforementioned foreign exchange rates by the end of the year. This analysis covers the loans in currencies other than the functional currencies that are the basis of the loans utilized within the group or from outside. A positive value indicates an increase in profit & loss items and other equity items.

In the current period, the Group's sensitivity to changes in foreign exchange rates has decreased due to the facts that investments on Euro basis were disposed of and Euro sales have decreased in the last quarter, which consequently resulted in a decrease in the Group's Euro receivables.

The Group management believes that the sensitivity analysis does not fully represent the foreign exchange rate risks because the foreign exchange rate risk analysis that is performed at the end of the year does not reflect the foreign exchange rate throughout the year. The fact that the Group's sales in Euro basis have decreased throughout the year resulted in a decrease in the Group's Euro receivables.

	December 31, 2014			
	Profit/Loss		Equities	
	Valuation of foreign currency	Devaluation of foreign currency	Valuation of foreign currency	Devaluation of foreign currency
<b>In the event of a 10% change in USD exchange rate:</b>				
1- Net assets/liabilities in US Dollars	(22,921,008)	22,921,008	(22,921,008)	22,921,008
2- Portion protected from USD risks (-)	22,816,927	(22,816,927)	22,816,927	(22,816,927)
<b>3- Net effect of US Dollar (1+2)</b>	<b>(104,081)</b>	<b>104,081</b>	<b>(104,081)</b>	<b>104,081</b>
<b>In the event of a 10% change in EUR exchange rate:</b>				
4- Net assets/liabilities in Euros	(2,616,795)	2,616,795	(2,616,795)	2,616,795
5- Portion protected from Euro risks (-)	(1,023,012)	1,023,012	(1,023,012)	1,023,012
<b>6- Net effect of Euro (4+5)</b>	<b>(3,639,807)</b>	<b>3,639,807</b>	<b>(3,639,807)</b>	<b>3,639,807</b>
<b>In the event of a 10% average change in other currency exchange rates:</b>				
7- Net assets/liabilities in other currencies	264	(264)	264	(264)
8- Portion protected from other currency risks (-)	-	-	-	-
<b>9- Net effect of other currency assets (7+8)</b>	<b>264</b>	<b>(264)</b>	<b>264</b>	<b>(264)</b>
<b>TOTAL (3+6+9)</b>	<b>(3,743,624)</b>	<b>3,743,624</b>	<b>(3,743,624)</b>	<b>3,743,624</b>

The Group bases the valuation of foreign currency assets on "buying" rate and that of foreign currency liabilities on "selling" rate of the respective foreign currencies.

	December 31, 2013			
	Profit/Loss		Equities	
	Valuation of foreign currency	Devaluation of foreign currency	Valuation of foreign currency	Devaluation of foreign currency
<b>In the event of a 10% change in USD exchange rate:</b>				
1- Net assets/liabilities in US Dollars	(15,407,035)	15,407,035	(15,407,035)	15,407,035
2- Portion protected from USD risks (-)	16,412,767	(16,412,767)	16,412,767	(16,412,767)
<b>3- Net effect of US Dollar (1+2)</b>	<b>1,005,732</b>	<b>(1,005,732)</b>	<b>1,005,732</b>	<b>(1,005,732)</b>
<b>In the event of a 10% change in EUR exchange rate:</b>				
4- Net assets/liabilities in Euros	(5,588,947)	5,588,947	(5,588,947)	5,588,947
5- Portion protected from Euro risks (-)	1,470,900	(1,470,900)	1,470,900	(1,470,900)
<b>6- Net effect of Euro (4+5)</b>	<b>(4,118,047)</b>	<b>4,118,047</b>	<b>(4,118,047)</b>	<b>4,118,047</b>
<b>In the event of a 10% average change in other currency exchange rates:</b>				
7- Net assets/liabilities in other currencies	(34,865)	34,865	(34,865)	34,865
8- Portion protected from other currency risks (-)	-	-	-	-
<b>9- Net effect of other currency assets (7+8)</b>	<b>(34,865)</b>	<b>34,865</b>	<b>(34,865)</b>	<b>34,865</b>
<b>TOTAL (3+6+9)</b>	<b>(3,147,180)</b>	<b>3,147,180</b>	<b>(3,147,180)</b>	<b>3,147,180</b>

The Group bases the valuation of foreign currency assets on "buying" rate and that of foreign currency liabilities on "selling" rate of the respective foreign currencies.

### Foreign Currency Forward Contracts

The Group executes foreign currency forward contracts in order to compensate 50% of the risks arising from payments and collections on foreign currency basis. When the expected purchase and sales transactions are carried out, the Group makes corrections on the book values of the items that are being protected against non-financial risks.

Following table outlines the details of the foreign currency forward contracts that are –as of the date of the report, not yet completed:

Pending Forward Contracts	Average Rate		Foreign Currency		Contract Value		Fair Value	
	2014 TRY	2013 TRY	2014 TRY	2013 TRY	2014 TRY	2013 TRY	2014 TRY	2013 TRY
<b>USD Purchase</b>								
Less than 3 months	2,2315	2,0319	141,051,846	99,885,240	137,694,082	95,093,225	4,981,294	5,711,824
Between 3-6 months	2,3043	2,0866	73,568,229	64,242,430	72,814,520	62,806,240	2,851,692	3,288,061
<b>EURO Purchase</b>								
Between 3-6 months	2,949	2,9405	3,328,426	14,682,500	3,479,828	14,702,700	(142,974)	151,992
			<b>217,948,501</b>	<b>178,810,170</b>	<b>213,988,430</b>	<b>172,602,165</b>	<b>7,690,012</b>	<b>9,151,877</b>

The Group executes forward contracts in order to protect from cash flow risks and from financial risks associated with the fluctuations of the foreign currency rates applicable to transactions to be carried out in the future.

As of December 31, 2014, unrealized revenues, resulting from the changes in the fair values of the forward contracts and are classified in the protection from financial risks fund of equities is 7,690,012 TRY (December 31, 2013: 9,151,877 TRY).

In order to protect itself from the potential changes in the foreign exchange rates, the Group, noting its total foreign currency position, has concluded forward contracts with maturity periods of 6 months and greater and classified the aforementioned risk as “protection from cash flow risks”.

It is expected that the purchases shall take place within the first six months period commencing with the date of the balance sheet and therefore, the aforementioned fund included in equities will then be included in the cost of inventories. It is further expected that raw materials will be sold following their use in production of 12 months, and the fund in equities will affect the profit/loss within 12 months.

#### b.3.2) Interest rate risk management

Fixed and variable interest rates applicable to the Group's debts expose the Group to interest rate risks. Subject risk is being managed by the Group by maintaining a favorable balance between debts with fixed and variable interest rates via barter contracts and forward contracts. Risk protection strategies are continuously reviewed in order to ensure their compatibility with the interest rate expectations and defined risks. Thus, the aim is to create an optimal risk protection strategy by both review of financial standing and position continuously and keeping the interest expenditure under control at various interest rates.

#### Equities price sensitivity

Following sensitivity analysis are based on stock price risks exposed to as of the reporting date.

Given that the data upon which the valuation method is based are 10% greater/less and that all other variables are fixed:

- As of December 31, 2014; as long as investments in stocks are classified as liquid assets and are not sold out or diminished in value, net profit/loss shall not be affected;

The Group's sensitivity against stock prices did not change significantly in comparison to the previous years.

**26. FINANCIAL INSTRUMENTS (FAIR VALUE ANNOUNCEMENTS AND ANNOUNCEMENTS IN THE SCOPE OF FINANCIAL RISK PROTECTION ACCOUNTING)**

	Credits and Receivables (including cash and cash equivalents)	Financial instruments that are shown in their fair values	Financial obligations shown on basis of depreciated value	Book value	Note
<b>December 31, 2014</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	158,967,234	-	-	158,967,234	29
Trade Receivables	224,359,051	-	-	224,359,051	4
Derivative Instruments	-	14,184,693	-	14,184,693	24
<b>Financial Liabilities</b>					
Trade Payables	-	-	427,575,057	427,575,057	4
Other Financial Liabilities	-	6,494,681	-	6,494,681	24

	Credits and Receivables (including cash and cash equivalents)	Credits and Receivables (including cash and cash equivalents)	Credits and Receivables (including cash and cash equivalents)	Book value	Note
<b>December 31, 2013</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	172,260,139	-	-	172,260,139	29
Trade Receivables	202,859,132	-	-	202,859,132	4
Derivative Instruments	-	11,852,610	-	11,852,610	24
<b>Financial Liabilities</b>					
Trade Payables	-	-	394,272,675	394,272,675	4
Other Financial Liabilities	-	2,700,733	-	2,700,733	24

(\*) The Group's management believes that the book values of financial instruments reflect the fair values thereof.

**Financial Instruments' Fair Values:**

Fair values of financial assets and liabilities are determined as what follows:

- Second Level: In addition to the stock exchange price of the relevant asset or liability that is indicated in the first level, financial assets and liabilities are also assessed on basis of the inputs used in determining the price that can be directly or indirectly monitored in the market.

Level classifications of the financial assets and liabilities as shown in fair values:

The Group's certain financial assets and financial liabilities are carried forward to the financial statements on basis of their fair values as of every balance sheet date. Following table outlines the method of determination of the aforementioned financial assets and financial liabilities:

Financial Assets / Financial Liabilities	Fair Value		Fair Level	Valuation Technique	Inputs That Are Not Based on Significant Observable Data	Correlation Between Fair Value and Inputs That Are Not Based on Observable Data
	December 31, 2014	December 31, 2013				
Foreign currency forward contracts	7,690,012	9,151,877	Second level	Discounted cash flows method: future cash flows are discounted on basis of a rate that reflects loan risks of several parties based on forward foreign currency rates (i.e. foreign exchange rates with observable maturity at the end of the reporting date) and contract rates.	-	-

**27. EVENTS THAT TAKE PLACE AFTER REPORTING PERIOD**

There is none.

**28. OTHER ISSUES THAT SIGNIFICANTLY AFFECT FINANCIAL STATEMENTS OR NEED TO BE ANNOUNCED IN ORDER TO RENDER FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND COMPREHENSIBLE**

There is none (December 31 2013: There was none).

**29. EXPLANATIONS ON THE CASH FLOW TABLE**

	December 31, 2014	December 31, 2013
Cash - TRY	2,153	1,614
Cash - Foreign Currency	12,776	28,422
Bank - Drawing Account	45,258,192	1,866,768
Bank - TRY - Time Deposit Account	24,789,285	31,920,000
Bank - Foreign Currency Drawing Accounts	932,655	192,204
Bank - US Dollar - Time Deposit	61,142,169	81,978,983
Bank - Euro - Time Deposit	25,431,993	52,649,104
Checks Received	1,398,011	3,623,044
	<b>158,967,234</b>	<b>172,260,139</b>

Maturity dates of and interest rates applicable to time deposit accounts are as follows:

	December 31, 2014		December 31, 2013	
	Maturity	Interest Rate (%)	Maturity	Interest Rate (%)
TRY Time Deposits	Weekly	11.10	Nightly	8.50
TRY Time Deposits	Nightly	9.60	-	-
FC Time Deposits USD	Nightly	2.20	Nightly	2.65
FC Time Deposits USD	Monthly	2.50	32 Days	3.10
FC Time Deposits Euro	Nightly	2.00	Nightly	2.65
FC Time Deposits Euro	Monthly	2.25	32 Days	3.10

Explanations regarding the types and levels of the cash and cash equivalent risks are made in Footnote #25.

Cash and cash equivalent values shown in cash flow tables as of December 31, 2014, and 2013 are given below:

	December 31, 2014	December 31, 2013
Cash and cash equivalents	158,967,234	172,260,139
Accrued interest (-)	(15,548)	(204,202)
	<b>158,951,686</b>	<b>172,055,937</b>

## COMPLIANCE REPORT

**Türk Prysmian Kablo ve Sistemleri A.Ş.**  
**COMPLIANCE REPORT REGARDING INSTITUTIONAL MANAGEMENT PRINCIPLES**

**1. Statement of Compliance to Institutional Management Principles**

With half a century of experience in Turkey, Türk Prysmian Kablo ve Sistemleri A.Ş., is one of the leading and most experienced companies within its sector. Since its foundation, the Board of Directors and Executive Management have adopted basic institutional structure and management principles for the relations with the Company shareholders and all the relevant stakeholders.

The established structure and management style is tried to be fashioned after the outline of the Institutional Management Principles of the Capital Market Board.

Furthermore, since Türk Prysmian Kablo ve Sistemleri A.Ş. is a part of the Prysmian Group with a worldwide network system and company activities, Türk Prysmian is subject to the company governance principles of Prysmian Group.

The company always conducts its activities in a manner aware of its social responsibilities in the relationships with the public, customers and suppliers. It levels up its improvement activities and studies in this regard while never losing sight of the ethical values of the business world.

As a result of the rating studies conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. ([www.saharating.com](http://www.saharating.com)) based on the Institutional Management Principles of the Capital Market Board, Türk Prysmian Kablo, the leader of the Turkish cable sector, was listed as the **23<sup>rd</sup> company** with an Institutional Management score of **7.76 on a 10 score basis (77.58%)** in 2009 at the **Institutional Management Index of Borsa İstanbul A.Ş. ("Istanbul Stock Exchange")** that contributes to the development of the Turkish capital markets and Turkish economy since its foundation and that reflects the institutional values held by companies.

<b>Istanbul Stock Exchange Institutional Management Score</b>		
<b>MAIN SECTIONS</b>	<b>WEIGHT</b>	<b>SCORE (%)</b>
Shareholders:	25%	91.94%
Public Disclosure and Transparency:	25%	91.12%
Stakeholders:	15%	92.26%
Board of Directors:	35%	88.60%
<b>TOTAL:</b>	<b>100%</b>	<b>90.62%</b>

In 2014 Türk Prysmian Kablo has documented that the company corresponds to and is adequate with related values, by getting 9,06 points out of 10 (90.62%) by achieving 4,07 point increase according to the results of the evaluation done by SAHA Corporate Management and Credit Rating Services INC. who operates in the field of corporate management rating with the Capital Market Board license, in accordance with notice about the changes which may be done in Serial NO: IV No: 63 numbered Notification About Determination and Execution of Corporate Management Principles that is published on 22.02.2013 dated 28567 numbered Official Gazette of Capital Market Board, under the main titles of "Allotments, Disclosure and Transparency, Stakeholders and Board of Management" whose summary is presented above. While this evaluation is taking place, related evaluation company has operated within the context of the methodology that is determined by Capital Market Board and is changed in accordance with the new regulations. While the ceiling point of fulfilling the elements, which are necessary to comply with in management principles was 100 before, within the new methodology this ceiling point is limited to 85 points. In accordance with this change, the companies who fulfill the necessary elements and also achieve some developments could get scores higher than 85. Türk Prysmian Kablo Sistemleri A.Ş. (Turkish Prysmian Cable Systems INC.) maintained its ongoing increase trend since 2009 with the 90, 62 points it gets from the evaluation while living the justified proud of being one of these companies.

You can find the full text of the Institutional Management Rating Report under the title of "Institutional Management" at the "Investment Relations" web page of our company ([www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr)).

In the activity period ending on 31<sup>st</sup> of December 2013, the company is complying to and implementing the Institutional Management Principles issued by SPK in addition to the items indicated herewith below:

- Representation of Minority Shares at the Board of Directors
- Method of Using Accumulative Voting

The features and justifications of the noncompliant issues are explained in the relevant chapters of the report.

**Governance Structure:** Considering the main chapters of the Company Governance Principles determined by SPK, the studies conducted by the Company within the period related to compliance to the Institutional Management Principles, current applications and efforts are described below;

## CHAPTER I – SHAREHOLDERS

### 2. Department of Shareholders Relations

To ensure the facilitation of monitoring the shareholder rights, “General Accounting and Investor Relations Department” was established under the structure of “Company Financial and Administrative Affairs Directorate”. The contact information of the managers responsible from the Investors Relations are given below:

Name	Title	Tel:	E-mail
Alberto Maria Tagliabue	Chief Financial Officer – Member of the Board of Directors	(224) 270 3000	tpks@prysmiangroup.com
Nevin Kocabaş	Accounting and Investor Relations Manager	(224) 270 3000	tpks@prysmiangroup.com

The basic purpose of this department is to ensure the compliance to the effective legislation, Articles of Association and other inter-corporate regulations in the utilization of shareholder rights and to ensure that any kind of measure is taken to enable the use of such rights. The primary duties of the department in this framework are as follows:

- a) Ensuring that the records on the shareholders are kept in a sound, safe and current manner.
- b) Save for publicly undisclosed, confidential and commercial secret type of company information, responding to the written information requests of the shareholders related to the company.
- c) Ensuring that the General Assembly meeting is held as per the effective legislation, Articles of Association and other inter-corporate regulations.
- d) Preparing documentation that the shareholders can benefit at the General Assembly meeting.
- e) Ensuring that the voting results are recorded and reports related to the results are forwarded to the shareholders.
- f) Observing and monitoring any kind of matter related to public disclosure including legislation and the information policy of the company.
- g) Ensuring the execution of capital market compliance activities.
- h) Ensuring the execution of investor relations activities.

The verbal and written questions sent to this department are being responded as soon as possible, save for confidential and commercial secret type of company information, observing equality principle, within the limitations specified at the information policy and according to SPK Regulations and Rules.

During 2013, there is no written/verbal complaint transmitted to our Company related to the utilization of shareholder rights or any administrative/legal proceeding filed against our Company in this regard.

### 3. Utilization of the Information Obtaining Rights of the Shareholders

During the period, information requests were received from the shareholders related to attendance to the general assembly, dividend payment and other miscellaneous matters. Since most of these requests were received by phone, the information request and response numbers could not be followed statistically. Utmost effort was shown in meeting the information requests received by our company in 2013 from the shareholders in accordance with SPK Regulations and Rules.

In all its relationships with the shareholders and the finance community in general, the Company is continually exerting effort to be in an active and transparent dialogue with its shareholders and corporate investors with the awareness of mutual roles.

The investors are able to obtain information on our Company from our web page at [www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr) and can forward their other questions to the following e-mail address, telephone and fax numbers.

E-mail: [tpks@prysmiangroup.com](mailto:tpks@prysmiangroup.com) Tel: (0224) 270 30 00 Fax: (0224) 270 30 24

The Company articles of association do not contain a reference permit related to the assignment of an individual auditor and there was no request for the assignment of a private auditor within the activity period.

### 4. General Assembly Information

The General Assembly convenes ordinarily and extraordinarily. The Ordinary General Assembly can convene at the company headquarters (Mudanya) or Istanbul within 3 months after the company accounting period. The meetings can be viewed by the stakeholders or media.

Within 2013, one ordinary general assembly meeting was convened at the company headquarters (29<sup>th</sup> of March, 2013). Shareholders representing over 83.75% of the shares attended this meeting.

The shareholders are invited to General Assemblies by notifying and announcing the time, venue and agenda of the meeting. The invitation is sent at least 3 weeks in advance considering the regulations of the Capital Market Board. The date of the invitation and the date of the meeting are not taken into account in this calculation. Furthermore, the agenda related to the invitation, sample power of attorney and any amendments to the articles of association shall be announced at the Turkish Trade Registry Gazette, a newspaper with a Turkey-wide circulation and a local newspaper.

The shareholders can attend to the General Assembly meeting physically or electronically in person or they can attend via their representatives. Attendance to the General Assembly in an electronic environment is only possible with the secure electronic signatures of the shareholders and the representatives thereof. Thus, the shareholders to work on EGKS (Electronic General Board System) first need to register at the e-MKK Information Portal of Merkezi Kayıt Kuruluşu A.Ş. (MKK), enter their communication information and they also need to have a secure electronic signature.

The shareholders are granted the right to express their opinions and ask questions under equal terms. The shareholders or other related parties wishing to take the floor regarding currently discussed agenda item notify this situation to the chairman of the meeting. The chairmanship discloses the persons to take the stand to the general assembly and these persons are recognized in accordance with the order of application. If the person whose turn it is to speak is not present at the meeting venue, he/she loses that right to speak. The speeches are given from the allocated place as addressed to the general assembly. The persons can interchange their order of speaking. If the duration of speech is limited, a person coming and giving a speech can continue doing so within the speech duration of another person if the latter, being the next to speak to the general assembly, grants his/her right to speak to the former. Otherwise, the duration of speech cannot be extended.

The chairman of the meeting can recognize any member of the Board of Directors or the auditor wishing to provide an explanation on the discussed topics without paying regard to the order of speaking.

The speech duration shall be determined by the general assembly based on the suggestion of the chairman or the shareholders, depending on the intensity of the agenda, abundance and importance of the topics that need to be discussed and the number of persons wishing to take the floor. In such situations, the general assembly shall decide, with separate voting, first as to whether the speech duration should be limited or not and then, what this duration should be.

The chairman of the meeting ensures that every question asked by the shareholders at the general assembly meeting and that do not comprise a commercial secret are responded directly at the general assembly meeting. Should the asked question be irrelevant to the agenda or sufficiently comprehensive that it cannot be responded right away, the asked question shall be responded in writing by the Investor Relations Department within at most 30 work days. In such a case, the Chairman of the Meeting explains that shareholder this possibility and that the response would be given later.

**The General Assembly is authorized to take decisions in the following matters as also indicated at the Articles of Association;**

- Adopting the reports of the Board of Directors and Auditing Board,
- Review and certification of balance sheets, profit and loss accounts, using the net profit, determining the company profit policy and the determination of the profit distribution as per the quoted policy,
- Determination of the number, election, export, release and re-assignment of members of Board of Directors and determination of their remuneration,
- Determination of the number of auditors, election and remuneration determination thereof.

**The performance of the following activities depends on the certification and acceptance of the General Assembly in advance or, afterwards as required:**

- Annual investment and financing schedule prepared by the Board of Directors,
- Purchase and sales of real estate; establishment of mortgage on company real estate,
- Foundation of branches and partnerships (secondary branches), adopting or selling affiliates,
- Passing on to new production sites,
- Other works and activities determined by the Turkish Code of Commerce

The shareholders can access the General Assembly minutes of meetings and Attendance Sheets of each year from the company headquarters, the relevant section under the title of "Investor Relations" at the company web site ([www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr)), the web page ([www.kap.gov.tr](http://www.kap.gov.tr)) in the scope of KAP (Public Disclosure Platform) and also from the Trade Registry Gazette archive of Burse Trade Registry Office.

## **5. Voting Rights and Minority Rights**

None of the shareholders of Türk Prysmian Kablo ve Sistemleri A.Ş. hold a preferred or privileged voting right and all votes are of equal value. The Minority Rights are regulated as per the related articles of the Turkish Code of Commerce.

The shareholders can represent themselves at the General Assembly via other shareholders or third parties; furthermore, the regulations of SPK concerning voting by proxy are reserved.

To ensure that the minority shareholders can send representative to the Board of Directors, accumulative voting method is not used. Since currently there is no general trend for accumulative voting in the company implementations, it has not been possible to observe the drawbacks or benefits of this method.

## **6. Profit Distribution Policy and Profit Distribution Time**

There is no privilege in contributing to the Company profit and the **Dividend Policy**, as described at the decision of the Board of Directors on 27<sup>th</sup> of March 2007, is as follows;

*"The Board of Directors takes its decision related to the distribution of profit based on the financial position of the Company, term profit and the strategic goals. There is no real person that receives a privileged share from the distributable profit of our Company. The profit distribution policy of our Company aims for the distribution of 20% of the distributable profit in cash or an amount higher than % as decided by the General Assembly. Should the distributable term profit of the Company falls below 20% of the paid-up capital of the Company – provided that it is subject to the legislation in force – it can be decided not to distribute profit shares.*

*It is aimed to pay the profit shares in cash within 60 days following the General Assembly meeting via authorized banks and intermediary institutions. The shareholders can apply to the Company headquarters to collect their profit shares after such date. The Company is not planning to distribute profit share advance. The Company aims to donate up to 1% of the taxable profit to any kind of social agency, provided that the ones present in the vicinity area are given priority, and subject to the approval of the General Assembly."*

## **7. Transfer of Shares**

There is no provision in the articles of association that restricts transfer of shares and thus, if any shareholder wishes to transfer his/her own shares partially or wholly to another party, the share transfer and registration process shall be conducted as per the provisions of articles 490-491 of the Turkish Code of Commerce.

## CHAPTER II – PUBLIC DISCLOSURE AND TRANSPARENCY

### 8. Company Information Policy

The communication made with external sources related to the documents and information on the Company shall be made – always obtaining the consent of the General Manager – by the Public Relations function in terms of press relations and by the Investor Relations Management in terms of corporate investors, authorized bodies and shareholders.

The Company commits to provide equal treatment to shareholders from all categories by avoiding any preferential treatment. Save for the ones classified as commercial secret, the Company responds to all the questions as per justice and impartiality principles and establishes a continual communication between the management and shareholders in accordance with the legislation.

The Company **Information Policy** was first disclosed to the public in 2004 together with the Institutional Management Compliance Report. In 2010, “*Commercial Secret*” term has been added and the updated **Information Policy**, approved by the General Assembly and revised in 2014, is being disclosed to the public under the title of “Investor Relations” at the Company web site.

### 9. Special Situation Disclosures

The number of Special Situation Disclosures in 2014: **30**

The Number of Additional Disclosure Request received from SPK or Istanbul Stock Exchange within the same period: **None**

There is no sanction applied due to the failure of timely disclosure of special situations as requested by SPK or Istanbul Stock Exchange.

As the share certificates of the Company is not quoted internationally, no special situation disclosures have been made at a stock exchange other than Istanbul Stock Exchange.

### 10. Company Web Site and Content

The Investors can access the published documents of the Company such as Annual Report and Code of Ethics at our web page ([www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr)) both in Turkish and in English. With the aim of continuing the shareholder relations in a more effective and fast manner and to be in continual communication with the shareholders, the Company actively uses its Corporate Web Page as stipulated by the Institutional Management Principles of SPK. The information on this web site is updated continuously under the responsibility of the Investor Relations Department. The information at the Corporate Web Site of the Company have the same content as the disclosures made in the framework of the related legislative provisions and does not contain and conflicting or deficient information.

At the Corporate Web Page of the Company, in addition to the obligatory information that needs to be disclosed as per the legislation, the following information minimally for the last five years are also submitted to the attention of the investors:

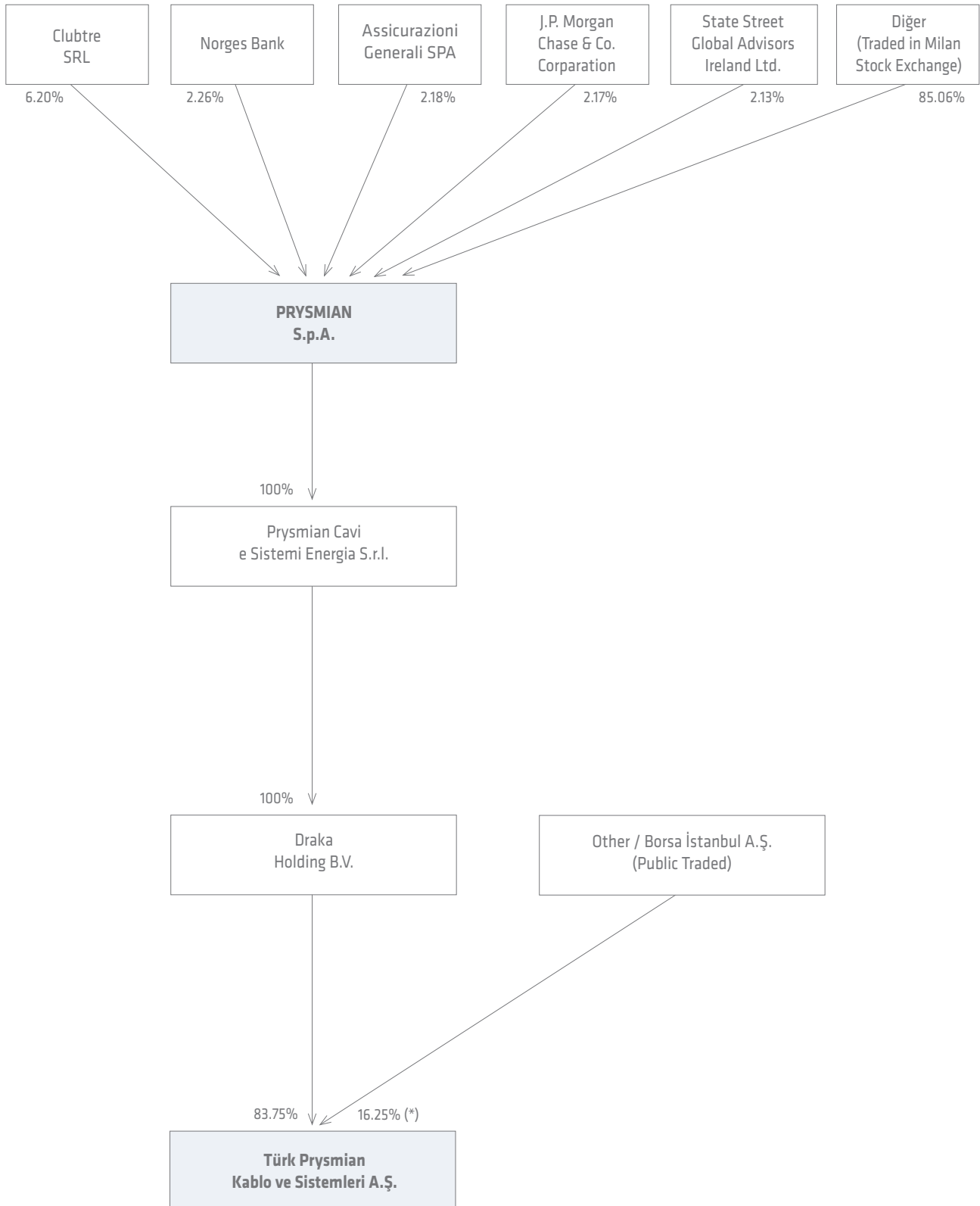
- Trade registry information, current final partnership structure,
- The most recent members of the Board of Directors and top level managers,
- The date and numbers of the trade registry gazettes where the amendments have been published and the final form of the Company Articles of Association,
- Decisions of the Board of Directors,
- Committees of the Board of Directors,
- Activity reports,
- Special situation disclosures,
- Institutional Management Compliance Report,
- Code of ethics,
- Attendance sheets, minutes of meetings, agendas, forms of voting with proxy related to the conducted general assembly meetings,
- Periodical financial statements and independent auditor reports,
- Company Policies,
- Explanation notes and public offering circulars,
- News and frequently asked questions.



**11. Disclosure of Real Person and Final Dominant Shareholder(s)**

There is no special situation that might affect the investors in disclosing the real person and other shareholders of the Company and thus the table containing detailed information in this regard has been provided herewith below.

**FINAL PARTNERSHIP STRUCTURE OF TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.  
AS OF 31<sup>ST</sup> OF DECEMBER 2014**



(\*) There is no shareholders that held the 5% of the shares of public traded part.

## 12. Public Disclosure of the Persons that can Obtain Insider Information

No employee of Türk Prysmian Kablo ve Sistemleri A.Ş. can conduct activities to obtain gains with the purchase and sales of share certificates of Türk Prysmian Kablo ve Sistemleri A.Ş. based on insider information obtained owing to his/her position in the Company.

The names of the members of the Board of Directors, auditors and other employees in the top management of the Company are indicated at the Activity Reports and under the Investor Relations section in the Company web page.

As of the date of this report, the persons in the position to obtain insider information are given below;

COMPANY MANAGEMENT:	
<b>Halil İbrahim KONGUR</b>	Chairman & Factory Director
<b>Erkan AYDOĞDU *</b>	Vice Chairman & CEO
<b>Alberto Maria TAGLIABUE *</b>	Board Member & CFO
<b>Hans Gunnar Staffan HOEGSTEDT</b>	Board Member
<b>Fabio Ignazio ROMEO</b>	Board Member
<b>Ayşe Canan EDİBOĞLU</b>	Independent Board Member
<b>Ali Aydın PANDIR</b>	Independent Board Member
<b>Mehmet Emin TUTAN</b>	Independent Board Member
<b>Onur ARTIKOĞLU</b>	Export Director
<b>İbrahim Etem BAKAÇ</b>	Domestic Sales Director
<b>İlker Bertan BİLGİN *</b>	Logistic Manager
<b>Ufuk ÇOLAK</b>	Telecom Sales Manager
<b>İdris ÇOLAKGİL</b>	Information Technologies Manager
<b>Faik KÜRKCÜ</b>	Utilities & Contractors Sales Director
<b>Sabri Levent ÖZÇENGEL</b>	Human Resources Director
<b>İlhan ÖZTÜRK</b>	Special Cables Sales Director
<b>Yiğit TÜRSOY</b>	Legal Affairs Director
<b>Tamer YAVUZTÜRK</b>	Marketing & Business Intelligence Manager
<b>Sevda YÜCEL</b>	Purchasing Director
<b>Esat BAYKAL</b>	Quality Manager
<b>Gürkan BAYRAK</b>	Telecom & Shared Production Manager
<b>Can DURGUN</b>	Planning and Controlling Manager
<b>Mehmet ER</b>	Energy Cables Production Manager
<b>Nevin KOCABAŞ</b>	Accounting & Investor Relations Manager
<b>Alaettin ŞENKAYA</b>	Material Technologies Manager
<b>Zekeriya ŞİRİN *</b>	R&D Manager
<b>Figen TAMUROĞLU</b>	Treasury Manager
<b>Celal URUÇAY</b>	Industrial Improvement Manager
<b>Okay YILDIZ</b>	Technical Services Manager
<b>Gaye YURDAŞEN KANTAR</b>	Credit & Risk Manager
INDEPENDENT AUDITING BODY: (DRT Bağımsız Denetim ve SMMM A.Ş.)	
<b>Özkan YILDIRIM</b>	Responsible Auditor
<b>Enis Alphan GÖĞÜŞ</b>	Senior Auditor
<b>Umut ARDIÇ</b>	Auditor Assistant
<b>Sevdiye ERSOY</b>	Auditor Assistant
TAX AUDITING BODY: (Mazars-Denge Yeminli Mali Müşavirlik A.Ş.)	
<b>Şevki BORAN</b>	Sworn Financial Advisor / Responsible Partner
<b>Nazan Yücetaş BORAN</b>	Sworn Financial Advisor / Responsible Partner
<b>Cihan AKSAR</b>	Tax Auditing Manager
<b>Özgür ÖZTÜRK</b>	Senior Tax Auditor
OTHER PERSONS:	
<b>Hafize Nazan ÇEKMECİ</b>	Publisher (Net Agency Advertisement Promotion and Publishing Services)
<b>Süalp ÇEKMECİ</b>	Designer (Net Agency Advertisement Promotion and Publishing Services)
<b>Adv. Cansu YİTMEN</b>	Lawyer

(\*) Effectively from 01.01.2015 they are nominated to mentioned positions.

## CHAPTER III - STAKEHOLDERS

### 13. Informing the Stakeholders

The basic management principles regulating the relations among the Executive Management of the Company, shareholders, officers and third parties (customers, suppliers and any other person or institution that the Company associates with) are provided herewith below.

**Honesty:** We are strictly bound to honesty principles with utmost effort in all our commercial activities, in our relations with our customers, employees, shareholders, and other companies, institutions and agencies.

**Reliability:** We are supplying open, rational and accurate information to our customers, shareholders and employees and we provide all our services as necessitated by our commitments.

**Impartiality:** We do not act with prejudice based on gender, religion, language, race and ethnic origin towards our customers, suppliers, employees and shareholders, and we never make discrimination under whatsoever circumstance.

**Compliance:** We are respecting all the laws, legislation and standards.

**Confidentiality:** We do not share the information related to the details of our transactions with our shareholders, customers, suppliers, employees and business partners with any person or institution save for the legally permitted authorities.

**Transparency:** Save for the information deemed as commercial secret and that have not yet been disclosed to the public, we disclose the financial and non-financial information on the Company to the public as necessary, in an accurate, honest, full, rational, interpretable and accessible manner and as per the related legislative provisions.

**Social Responsibility:** We take into consideration matters such as the social benefits in the activity sector of the Company, sector improvement and preservation of reliability in the sector, the image and possible benefit of the Company, and in all our efforts, applications and investments, we respect the regulations related to the environment, consumers and public health. The stakeholders are made informed via the company web site and via Istanbul Stock Exchange with special situation disclosure notification. Moreover, the agenda of the shareholders meeting is notified to the attendants and the decisions takes are disclosure clearly at the Trade Registry Gazette. SPK, Ministry of Industry and Treasury Undersecretariat are also informed and the relevant permits are obtained by the company from the mentioned authorities. The public notifications related to the General Assembly meeting are again announced via one of the local newspapers and one of the nationwide newspapers. Furthermore, the company employees are kept informed with the intranet system, general notification sent by e-mail and annual informative meetings.

**Please see.** Article 8 – Company Information Policy

**Please see.** Prysmian Group Values and Code of Ethics / Article 9 – Information

### 14. Participation of the Stakeholders to the Management

The participation of the stakeholders to the management is realized at the following meetings and by receiving their feedbacks; at the general assembly meeting for the shareholders provided that SPK legislation scope is not exceeded, at the supplier meetings for the suppliers, at the customer visits or dealer meetings for the customers, and at the meetings organized at least twice a year to assess the company activities and where company goals and strategies are shared for the employees. Furthermore, team work is encouraged and project groups are formed with the aim of developing the present work performance methods and work processes for the company employees.

### 15. Human Resources Policy

The Human Resources Policy has been disclosed to the public under the “Investor Relations” title in the web site. In scope of social facilities, all of employees take advantage of our canteen, personnel transportation service. Also, all white-collar employees have health insurance policy covering themselves and family members.

**Please see.** Prysmian Group Values and Code of Ethics / Article 6 – Human Resources

### 16. Information on Customer and Supplier Relations

**Please see.** Prysmian Group Values and Code of Ethics / Article 4 - Customers

### 17. Social Responsibility

Türk Prysmian Kablo ve Sistemleri A.Ş. holds an ISO 14001 Environmental Management System certificate since 1997. In the framework of ISO 14001 Environmental Management System, the environmental impacts of all the services received and activities conducted by our Company are identified and continuous studies are undertaken to eliminate or minimize these impacts. All these studies are undertaken in line with the Environmental and Work Safety Policy of Türk Prysmian Kablo ve Sistemleri A.Ş. determined by the top management and with a continuous improvement philosophy.

Legal obligations related to the environment are closely monitored and fulfilled. Türk Prysmian Kablo ve Sistemleri A.Ş. holds all the legal permits related to the environment. These permits are Emission Permit, Wastewater Quality Control License, Opening License for 1<sup>st</sup> Class Non-Sanitary Enterprises and Temporary Storage Permit for hazardous wastes. The activities being performed by Türk Prysmian Kablo ve Sistemleri A.Ş. are not within the scope of the Environmental Impact Assessment (EIA) Regulation. There is an official letter, affirming the fact that our Company is not subject to EIA preliminary investigation, received from the Provincial Environment and Forestry Directorate of Bursa Governorship being the authorized body on this matter.

There is no lawsuit filed against our Company due to environmental pollution. Our Company ensures that all its wastes are recycled when possible or disposed of properly when recycling is not applicable as per the related regulations of the Environmental Legislation.

Our Company fulfills its duties in the framework of social responsibility by supporting social, cultural and certain sports activities in the scope of Prysmian Group principles and also by providing occasional in kind and in cash donations and contributions to public institutions and establishments.

**Please see.** Article 13 – Informing the Stakeholders / Social Responsibility

**Please see.** Prysmian Group Values and Code of Ethics / Article 5 – Society and Article 7 - Environment

## CHAPTER IV - BOARD OF DIRECTORS

### 18. Structure, Formation and Independent Members of the Board of Directors

At the Company Articles of Association, it has been stated that the duties and responsibilities of the Board of Directors are subject to the basic provisions determined as per the Turkish Code of Commerce and the arrangements at the Articles of Association. The assignment, re-election, evaluation and dismissal of the members of the Board of Directors are performed as per the Company Articles of Association and the provisions of the Turkish Code of Commerce.

#### Structure of the Board of Directors

POSITION	MEMBERS	EXECUTORY	NON-EXECUTORY	INDEPENDENT
Chairman	Halil İbrahim Kongur	X		
Vice Chairman	Erkan Aydoğdu	X		
Member	Fabio Ignazio Romeo		X	
Member	Hans G. S. Hoegstedt		X	
Member	Alberto Maria Tagliabue	X		
Member	Ali Aydın Pandır			X
Member	Ayşe Canan Ediboğlu			X
Member	Mehmet Emin Tutan			X

POSITION	MEMBERS	INITIAL ASSIGNMENT	MOST RECENT ASSIGNMENT
Chairman	Halil İbrahim Kongur	30 March, 2012	29 March, 2014
Vice Chairman	Erkan Aydoğdu	22 October, 2014	22 October, 2014
Member	Fabio Ignazio Romeo	22 August 2005	29 March, 2014
Member	Hans G. S. Hoegstedt	1 July, 2011	29 March, 2014
Member	Alberto Maria Tagliabue	1 January, 2015	1 January, 2015
Member	Ali Aydın Pandır	30 March, 2012	29 March, 2014
Member	Neslihan Tonbul	30 March, 2012	29 March, 2014
Member	Mehmet Emin Tutan	30 March, 2012	29 March, 2014

### 19. Properties of the Members of the Board of Directors

Age Profile of the Members of the Board of Directors;

AGE GROUP	18 - 30	31 - 40	41 - 50	51 - 60	61 - 65	66 - 70	71 and above
Number of Persons	-	-	2	6	-	-	-

The Board of Directors is comprised of members possessing the knowledge and abilities to interpret and analyze financial statements, legal knowledge required to execute the day-to-day businesses and long-term activities of the company, and the knowledge and abilities to give opinion on different areas of expertise related to company management. The members of the Board of Directors are well-informed regarding the field of activity and management of the Company, experienced in working at private sector and have graduated from higher education.

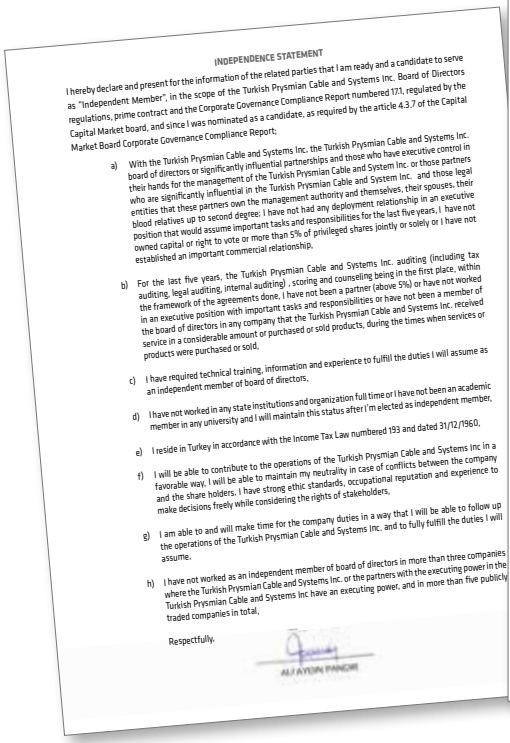
The number and properties of the independent members to take charge in the Board of Directors have been determined as per the regulations of the Capital Market Board related to institutional management. The members of the Board of Directors are elected by the company General Assembly as per the provisions of the Capital Market Legislation, Turkish Code of Commerce and Company Articles of Association. All of the independent members of the Board of Directors are comprised of persons residing in Turkey in accordance with the Income Tax Law.

Moreover, the declaration of the independent members of the Board of Directors related to their independency is as follows:

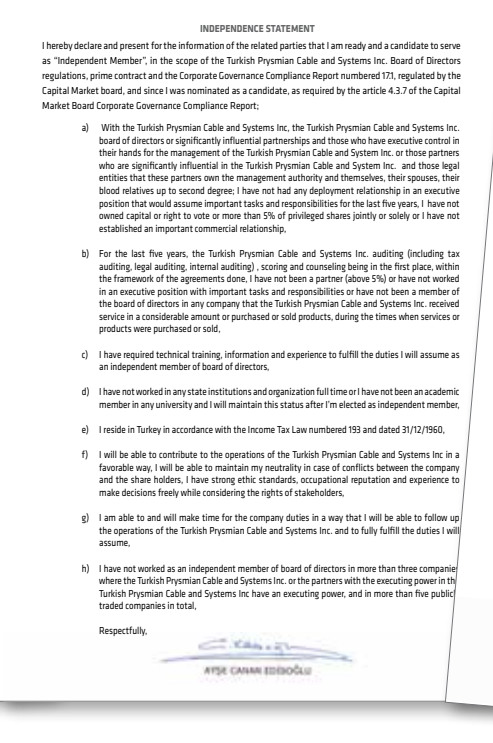
**Declaration of Independence**

Due to my election as an "Independent Member" to the Board of Directors of Türk Prysmian Kablo ve Sistemleri A.Ş., as per the Institutional Management Principles of the Capital Market Board, I hereby certify the following for the information of the relevant parties:

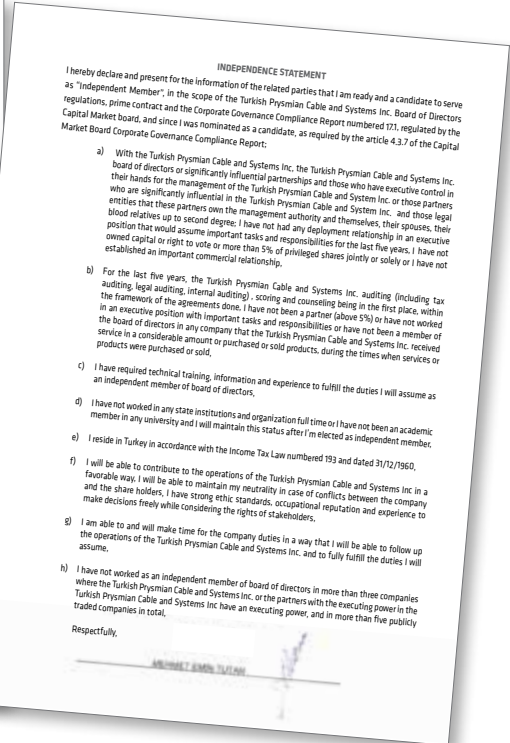
- There has not been any direct or indirect, employment-related, capital-related or material commercial relationship established within the last five years between me, my wife and my blood and marriage relatives up to third degree AND Türk Prysmian Kablo ve Sistemleri A.Ş., any affiliate of Türk Prysmian Kablo ve Sistemleri A.Ş. or judicial entities with whom the shareholders (with a direct or indirect share in Türk Prysmian Kablo ve Sistemleri A.Ş. at 5% and above) are associated in terms of management or capital,
- Within the last five years, I have not been employed in companies that conduct all or a part of the activities and organization of Türk Prysmian Kablo ve Sistemleri A.Ş. in the framework of the concluded agreements, especially the companies that perform the auditing, rating and consultancy of Türk Prysmian Kablo ve Sistemleri A.Ş.; and I have not taken charge as a member of the Board of Directors,
- Within the last five years, I have not acted as a partner, employee or a member of the Board of Directors in any of the firms that significantly provide service and products to Türk Prysmian Kablo ve Sistemleri A.Ş.,
- I do not hold a share at the capital of Türk Prysmian Kablo ve Sistemleri A.Ş. above 1% and these shares are not privileged,
- I possess the occupational education / training, knowledge and experience to duly fulfill the duties I will undertake owing to my position as an independent member of the Board of Directors,
- I am not employed full-time at public institutions and agencies,
- I reside in Turkey as per the Income Tax Law,
- I have sound ethical standards, occupational dignity and experience to provide positive contribution to the activities of Türk Prysmian Kablo ve Sistemleri A.Ş., preserve my impartiality in the disputes that may arise among the partners and to freely make decisions duly considering the rights of the stakeholders.



**Ali Aydın Pandır**  
Independent Board Member



**Ayşe Canan Edbiboğlu**  
Independent Board Member



**Mehmet Emin Tutan**  
Independent Board Member

## 20. Company Mission, Vision and Strategic Goals

**Company Mission:** To provide added value to our shareholders and the sectors alike by supplying products and services, compliant to standards, having top quality, reliable, innovative and state-of-the-art features to our customers, business partners and the society as a whole.

**Company Vision:** Located within Prysmian Group and as the oldest, rooted and pioneering company of the sector in its region; the Company vision is to become a company:

- Accommodating a creative workforce open to development with its distinguished and innovative role, and that can present top performance,
- With an organizational structure valuing transparency and social responsibility,
- Undersigning long-term partnerships by ensuring continual satisfaction to its customers,
- Always creating value for its shareholders,
- Committed to improve the social conditions,
- Preserving sector leadership in Turkey and in the international platform alike.

**Please see.** Prysmian Group Values and Code of Ethics / Article 2 – Goals and Values

## 21. Risk Management and Internal Control Mechanism

To ensure an effective use of risk management, the Risk Management Department has been conducting activities since 2002. This department has developed and commenced the implementation of processes for effective risk management for the Company as well as the Prysmian Cables and Systems. In this scope, it is aimed for the risks to be monitored with daily reports and collect the receivables on time.

The internal control system of the Company has been organized to ensure an adequate control system and that can enable all the Company activities to be explained in a proper manner. The responsibility related to the internal control system belongs to the Board of Directors and in addition to determining the relevant outline, the Board of Directors also confirms the sufficiency of the control and whether it works in an effective manner or not.

The Auditing Committee is comprised of two members of the Board of Directors. Both of these persons are members of the Board of Directors that do not have a direct contribution to the activities and management of the Company. The Auditing Committee gathers regularly as indicated at the relevant communiqué of SPK and a representative of the external auditing company of the Company can also be invited to these meetings.

The aim of the Auditing Committee is to aid the Board of Directors in fulfilling its long term responsibilities regarding the quality and risk assessment of the accounting and financial reporting applications, policies and procedures and the internal control systems of the Company.

Internal auditing and periodic auditing activities also provide the necessary controls in terms of verifying compliance to the procedures, policies and strategies. Other than for the audits aimed at auditing the Internal Auditing Department, the Internal Auditing Department of Prysmian Cables and Systems Group also performs internal auditing inspections at Türk Prysmian Kablo ve Sistemleri A.Ş. in addition to the regular audits arranged by the external auditing company.

Furthermore, Planning and Control Department is also present and this department submits monthly detailed reports to the Delegate Member and Executive Management, and also provides useful and comprehensive information for the monitoring of specific activities.

Information related to the independent auditing company Deloitte: <http://www.deloitte.com.tr>

And information related to the tax auditing company MAZARS-DENGE: <http://www.mazarsdenge.com.tr>

## 22. Authorities and Responsibilities of the Members and Managers of the Board of Directors

**The Board of Directors performs the following activities:**

- Inspection and approval of the strategic, institutional/corporate, industrial and financial plans of the Company,
- Granting and withdrawing authority delegation to the Delegate Member, determination of the limits, method of use and duration of such authorities,
- Comparing the results with regular budgets and monitoring the general performance of the studies conducted by paying due regard to conflict of interests and by taking into consideration the information received from the Internal Control Committee and the Delegate Member,
- Taking decisions related to the same for Real Estate,
- Issuing share certificates and bonds,
- Becoming a partner to companies and enterprises to be newly founded or participating to the ones already present,
- Inspection and approval of transactions with a specific economic, equity or financial impact, by paying due care to the related partner processes,
- Verifying the competency of the overall organization and administrative structure of the Company as organized by the Delegate Member,
- Informing the shareholders regarding shareholders meetings.

The authorities and responsibilities of the members of the Board of Directors have been clearly specified at article 10 of the articles of association. Since the authorities and responsibilities of the managers can change any time due to the dynamic structure of the Company and business life, the authorities and the relevant responsibilities are indicated in detail at the signatory circular.

### 23. The Activity Fundamentals of the Board of Directors

The Board of Directors meeting is held at least quarterly. Save for exceptional situations, the members of the Board of Directors are equipped with the necessary documents and information a reasonable time in advance to enable them to state an informed opinion regarding the inspected matters.

There is a Board of Directors secretariat formed to enable notification and communication of the members of the Board of Directors. If a differing opinion is expressed at the meeting and/or there is opposition to a decision taken by the Board of Directors, reasonable and detailed vote justifications in this regard need to be recorded at the decision minutes, forwarded to the company auditors in writing and notified to the public. Although our Company does not have any reservations in this regard, such an application has not been made up to this date since such a situation has not yet been encountered.

Due attention is paid to ensure active participation to the Board of Directors meetings related to the matters taking place at Part IV article 2.174 of SPK Institutional Management Principles. The questions asked by the members of the Board of Directors during the meeting are recorded on the minutes of the meeting. No member of the Board of Directors has been granted a weighted vote right and/or negative veto right to ensure equality among the members.

Within 2014 activity period, **23 meetings** have been convened by the Board of Directors. All Board of Directors attended the 19 meetings of 23 meetings.

### 24. Prohibition of Transacting and Competing with the Company

Our members of the Board of Directors are set free by our shareholders in the framework of articles 334 and 335 of the Turkish Code of Commerce at the Ordinary General Assembly convened each year.

### 25. Code of Ethics

There is a pyramid system related to the principles and procedures. This system can be summarized as follows:

**Code of Ethics:** These rules cover the general principles – transparency, fairness and devotion – forming the business relations at each and every level within the Company. With the belief that business ethics should go hand in hand with success at work, the Company conducts its internal and external processes as per the principles stated in these rules.

**Internal Control System:** This system is a group of “instruments” aimed at assuring operation yield and effectiveness, reliability of financial and management data, obeying laws and legislation and even the protection of Company assets against a possible fraud within reasonable limits. Internal control systems based on and defined by these general applications are implemented at all corporate levels.

**Behavioral Pattern:** Behavioral pattern puts forth special rules in the relations with the representatives of Public Administration and identifies the main operational applications indicated at the Code of Ethics, by classifying a proper behavioral pattern as “to do” and improper behavioral patterns as “not to do”.

**Internal Executive Procedures and Policies of the Company:** These elements, as a natural extension of the internal control system, comprise the main fields of business. Thus, they specify the internal rulers related to the main fields of activity of the Company.

Türk Prysman identifies the internal rules and structure related to the main fields for its officers and managers alike via regulations and policies such as Recruitment, Purchasing, Investment, Environmental Protection, Information Systems, Stock Assessment and Intellectual Property Rights Regulations.

All the regulations and policies are presented to the officers in an updated manner from the intranet page of the Company.

Furthermore, **Please see.** Prysman Group Values and Code of Ethics

### 26. Number, Structure and Independence of the Committees Comprised at the Board of Directors

Name of Committee	Number of Annual Meetings (Minimum)	Number of Members	Number of Independent Members
Auditing Committee	4	2	2

**Members of the Auditing Committee:** Ali Aydın Pandır, Ayşe Canan Ediboğlu

Name of Committee	Number of Annual Meetings (Minimum)	Number of Members	Number of Independent Members
Early Risk Detection and Risk Management Committee	6	3	2

**Members of the Early Risk Detection and Risk Management Committee:** Ali Aydın Pandır, Ayşe Canan Ediboğlu, Alberto Maria Tagliabue

Name of Committee	Number of Annual Meetings (Minimum)	Number of Members	Number of Independent Members
Institutional Management Committee	4	3	1

**Members of the Institutional Management Committee:** Fabio Ignazio Romeo, Ali Aydın Pandır, Nevin Kocabaş

**Investor Relations:** Department manager informed about the activity of investor relations and prepare a report related to the Corporate Governance Communique item 11 and presented this report to the Board of Directors .

As per Article 4.5.1 of the Communiqué of the Capital Market Board Serial IV no. 56 regarding the Determination and Implementation of Institutional Management Principles, the duties of the Institutional Management Committee comprise the establishment of **Nomination and Charging Committees**; however it has been decided for the duties of such committees to be executed by the Institutional Management Committee again as per the same article, and thus the Working Principles of the Institutional Management Committee has been determined as to cover the fields of duty and working principles of that former committees as well.

All committees are properly working according to the working principles and according to the legislations.

Detailed information related to the working principles of all the committees have been disclosed to the public under the "Investor Relations" section at the Company web site.

#### Assessment of the Functioning of Internal Audit, Internal Control and Risk Management Systems during 2013 Activity Period

Working in the cable sector, Prysmian Group has established adequate Internal Control, Internal Audit and Risk Management systems (internal systems), suitable to its activity and business branches. In the formation of the internal systems, both the local legislation and the requirements of Prysmian Group have been taken as basis for monitoring and managing risks integrated with the activities. The internal systems are in compliance to independency, objectivity, effectiveness, adequacy and division of powers within the organization. All our activities and business processes target customer satisfaction, sustainable income generation and risk-sensitive capital management and elevating the economical values of the shareholders. Prysmian Group Board of Directors is responsible to ensure that the internal systems are established and administered in compliance with the legislation, and the activities of this responsibility related to financial control and audit is conducted by the hand of the Committee responsible from Audit. In performance of this function, the Auditing Committee reviews, evaluates in detail the reports received by the Audit Department founded to review, audit and report on the effectiveness of our processes on financial terms; give the necessary instructions to the Company management and submits to the information and approval to the Board of Directors as necessary. The Board of Directors conducts its activities under the structure and coordination of the Auditing Committee. The Auditing Directorate reviews the financial effectiveness of all the business processes of the Company, tests the suitability, efficiency and implementation level of the relevant audit mechanisms, identifies the measures to be taken to eliminate the deficiencies if any together with the operational departments and reports the results thereof to the Auditing Committee.

#### 27. Financial Rights Granted to the Board of Directors

The rights granted to the members of the Board of Directors are decided at the General Assembly and there is no rewarding mechanism reflecting the Company performance of that is based on the performance of the members of the Board of Directors in determining the financial rights thereof.

During 2013, € 80,000 net attendance fee was paid to the independent members of the Board of Directors. Other than this, there is no payment that has accrued for 2012 and paid to the members of the Board of Directors and to the other executive management. Furthermore, no loan was given to any member of the Board of Directors or Senior Manager of the Company within the period, no credit was made utilized, benefit was not obtained under the title of a credit through the mediation of a third party and securities were not given on their behalf such as bails.

#### Chairman of the Board of Directors

**Halil İbrahim KONGUR**



## TÜRK PRYSMIAN ETHICAL CODE

### Türk Prysmian Kablo ve Sistemleri A.Ş. ETHICAL CODE

Ethical business conduct is critical to our business and a shared responsibility of all members of the Prysmian Group.

Each employee is responsible for protecting our most valuable asset - our reputation. This Code of Ethics (the "Code") applies to anyone conducting business on behalf of Prysmian or any of its subsidiaries, including but not limited to all managers, officers, employees, agents, representatives, lobbyists, interns, contractors, suppliers, and consultants ("Covered Parties"), and seeks to guide our legal and ethical responsibilities, to deter wrongdoing, and to promote:

- Compliance with applicable laws, rules and regulations;
- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- The integrity of our financial information, which influences the decisions of management and our Board of Directors, as well as the ways in which the outside world perceives and evaluates us;
- Full, fair, accurate, timely and understandable disclosure in reports and documents we file with or submit to government authorities and in other public communications; and
- Accountability for adherence to this Code, including prompt internal reporting of any suspected violations.

To meet these objectives, this Code encourages Covered Parties to express any concerns they may have relating to corporate accountability. No discrimination or retaliation against any person who, in good faith, reports such concerns will be tolerated. Anyone who retaliates against an individual under such circumstances will be subject to disciplinary action, up to and including termination of employment.

All Covered Parties must read, understand, and adhere to this Code and all other applicable company policies. Violations of law, this Code or other Company policies or procedures can lead to disciplinary action, up to and including termination of employment and/or termination of business relations.

#### ARTICLE 1 - PREMISE

The Prysmian Group structures its own internal and external activities according to the principles set forth in this Code, with the conviction that ethics in the conduct of business activities must be pursued at the same time and with equal emphasis as the economic success of the business. The Prysmian Group is committed to conducting its business in accordance with the highest standards of ethical behaviour, complying with all applicable laws and regulations, avoiding even the appearance of unethical or illegal conduct.

#### ARTICLE 2 - OBJECTIVES AND VALUES

The primary objective of the Prysmian Group is to create value for the shareholders. Industrial and financial strategies and the resulting operative conduct, based on the efficient use of resources, are oriented to achieving this goal.

In pursuing this objective Prysmian Group Companies and all Covered Parties must unfailingly comply with the following principles:

- As active and responsible members of the communities in which we operate, we are committed to respecting all applicable laws wherever we do business, and to following all commonly accepted principles of business ethics, such as transparency, honesty and loyalty.
- We refuse to engage in any illegitimate, unfair, or in any way questionable behavior (vis-à-vis the community, public authorities, customers, employees, investors and competitors) to achieve economic targets, which we pursue only through excellent performance, quality, competitive products and services, based on experience, customer care and innovation.
- We establish organizational controls designed to prevent Covered Parties from violating these requirements of lawfulness, transparency, honesty and loyalty, and supervise their observance and implementation.
- We impose consequences for any violations of these policies and principles.
- We maintain accurate books and records, and assure the investors and the community in general total transparency about our activities.
- We are committed to fair competition, which benefits us as well as all market operators, customers and stakeholders.
- We pursue excellence and competitiveness in the market place, offering quality services and products.
- We safeguard and enhance the value of all our employees.
- We respect the environment and use natural resources responsibly, with the goal of advancing sustainable development and protecting the rights of future generations.

#### ARTICLE 3 - SHAREHOLDERS

The Prysmian Group is committed to guarantee equal treatment to all classes of shareholders, and to avoid preferential treatment of any class or company. We pursue the reciprocal benefits that derive from belonging to a group of companies while respecting all applicable laws and regulations and the independent interest of each Company as it seeks to create value.

**ARTICLE 4 - CUSTOMERS**

The excellence of the products and services offered by the Prysmian Group depends on customer care and the readiness to satisfy customer requirements. We therefore seek to assure an immediate, qualified and competent response to customer needs, through honesty, courtesy and cooperation.

**ARTICLE 5 - COMMUNITIES**

The Prysmian Group contributes to the economic welfare and growth of the communities in which it operates by delivering efficient and technologically advanced services. We are a citizen of each locality where we are established to do business, and like individual citizens, we have a responsibility to support the community. It is our goal to take part in projects to further the welfare of our local communities and thus be a good and contributing citizen.

Group Companies adhere to all applicable laws and regulations and maintain good relations with local, national and super-national Authorities, based on by full and active cooperation and on transparency.

Consistent with these objectives and with the responsibilities they have assumed toward different stakeholders, Group Companies recognize research and innovation as priority conditions for growth and success.

Group Companies view favorably and, when necessary, support social, cultural and educational initiatives directed at enhancing the individual and improving his/her living conditions.

Group Companies do not disburse contributions, advantages or other conveniences or things of value to government officials (including employees of state-owned or controlled entities or enterprises), political parties or trade union organizations, nor to their representatives or candidates, except as permitted by applicable laws and by the provisions of this Code and other applicable Prysmian Group policies.

**ARTICLE 6 - HUMAN RESOURCES**

The Prysmian Group recognizes the central role of human resources; the professional contribution of employees, in a framework of mutual loyalty and trust, is the essential ingredient for success in every business concern.

Group Companies safeguard safety and health in working environments and consider the respect of worker rights fundamental to the carrying out of business activities. Employment contracts and Group policy guarantee equal opportunities and favor the professional growth of each individual.

**ARTICLE 7 - ENVIRONMENT**

The Prysmian Group believes in a global sustainable growth in the common interest of all stakeholders, present and future. Their investment and business choices are consequently fashioned to respect the environment and public health.

Without prejudice to compliance with specified forceable regulations, Group Companies take environmental issues into consideration when defining their choices, also by adopting -if operationally and economically feasible- eco-compatible production technologies and methods, with the objective of reducing the environmental impact of their activities.

**ARTICLE 8 - ANTI-BRIBERY POLICY**

Bribery of public officials is prohibited.

- No Covered Party may provide, either directly or indirectly, anything of value to any Public Official in order to obtain or retain business or to obtain an improper business advantage.
- The term "Public Official" is defined very broadly, and includes an employee of a government owned or controlled entity or a public international organization, any political party, any candidate for public office. Whenever dealing with entities or persons connected with a government entity, Prysmian employees shall comply with the principles set forth in this Code which govern our conducts and strictly adhere to the Prysmian policies and procedures.

Commercial bribery is prohibited.

- No Covered Party may provide, either directly or indirectly, anything of value to any person in order to obtain or retain business, confidential information, or an improper business advantage.
- No Covered Party may accept anything of value in exchange for awarding business, providing confidential information, or an improper business advantage.

The Anti-Bribery Policy requires adherence to other Group Policies and Procedures promulgated from time to time concerning.

- Offering, paying, or accepting gifts, courtesies, entertainment or travel expenses to, from, or on behalf of a Public Official or any supplier, customer, or competitor; and
- Engaging consultants, agents, lobbyists, joint venture partners or other third parties.

**ARTICLE 9 - INFORMATION - BOOKS AND RECORDS**

The Prysmian Group are aware of the importance of correct information on their own activities for the investors and the community in general. Consequently, to the extent compatible with the confidentiality requirements inherent in conducting a business, Group Companies strive for transparency in their relations with all stakeholders. In particular, Group Companies communicate with the investors according to principles of honesty, clarity and equal access to information.

Group Companies maintain books, records and accounts in reasonable detail to accurately and fairly reflect all of their transactions, and to retain relevant documentation in accordance with Group policies concerning record retention.

Group Companies and Covered Parties must never, under any circumstance, engage in inaccurate, false or misleading record keeping, even if one might reasonably believe the consequences of the inaccuracy would be harmless. This policy of full, fair, accurate and timely recording of information extends to time reports, expense reports and other personal Company records.

No false or artificial entries shall be made in the books and records of the Prysmian Group. No undisclosed or unrecorded funds may be established. "Off the books" payments are prohibited. No individual shall ever engage in any arrangement that results in a prohibited act.

**ARTICLE 10 - EXPORT CONTROLS AND ECONOMIC SANCTIONS**

It is the policy of the Prysmian Group to comply with all applicable export control laws. All Prysmian Group employees must comply with these laws. Under no circumstances are Prysmian Group employees permitted to make a transfer, export, re-export, sale, or disposal of any product, technical data or service contrary to applicable export control laws.

The Prysmian Group will comply with all applicable economic sanctions laws against certain entities and countries, including applicable economic sanctions imposed by the UN, the EU, the United States, and other jurisdictions in which the Prysmian Group conducts business.

**ARTICLE 11 - OBSERVANCE OF CODE**

All Group Companies, Corporate bodies, and Covered Parties must strictly adhere to this Code, to all applicable laws and regulations, and to all policies and procedures that the Group may promulgate from time to time to implement this Code.

The Prysmian Group is committed to implementing and enforcing specific procedures, regulations and instructions to ensure that all Group companies and Covered Parties adhere to the values and requirements set forth in this Code.

Violations of this Code, any of the implementing policies and procedures or other Group policies, or of any applicable law or regulation will be grounds for serious disciplinary action, including possible termination of employment and/or termination of business relations.

As part of its commitment to ethical and legal behavior, the Prysmian Group requires Covered Parties to report any actual or apparent violations of law or this Code or ethical standards so that they can be investigated and dealt with appropriately. This obligation extends to any instance where one suspects, but is uncertain whether, a violation may be occurring. Failure to comply with the duty to come forward is a violation of this Code and can result in serious disciplinary action, including possible termination of employment and/or termination of business relations.

The Prysmian Group will investigate all reports made and will not tolerate any kind of retaliation for reports or complaints made in good faith.

All persons subject to this Code have a duty not only to report violations but also to cooperate fully in the investigation of any alleged violation. An employee may be subject to disciplinary action, which may include possible termination of employment, for failing to cooperate or deliberately providing false or misleading information during an investigation.





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**Türk Prysmian Kablo ve Sistemleri A.Ş.**

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