NOLOGY IN ALL KEY SEGMENTS SUPPORTING

ROUP **FROM TURKEY TO THE WORLD** STRONGER PLATFOR

S R&D CAPABILITIES **FROM THE WORLD TO TURKEY** LEAD

MER SERVICE WORLDWIDE LEADER IN RENEWAB

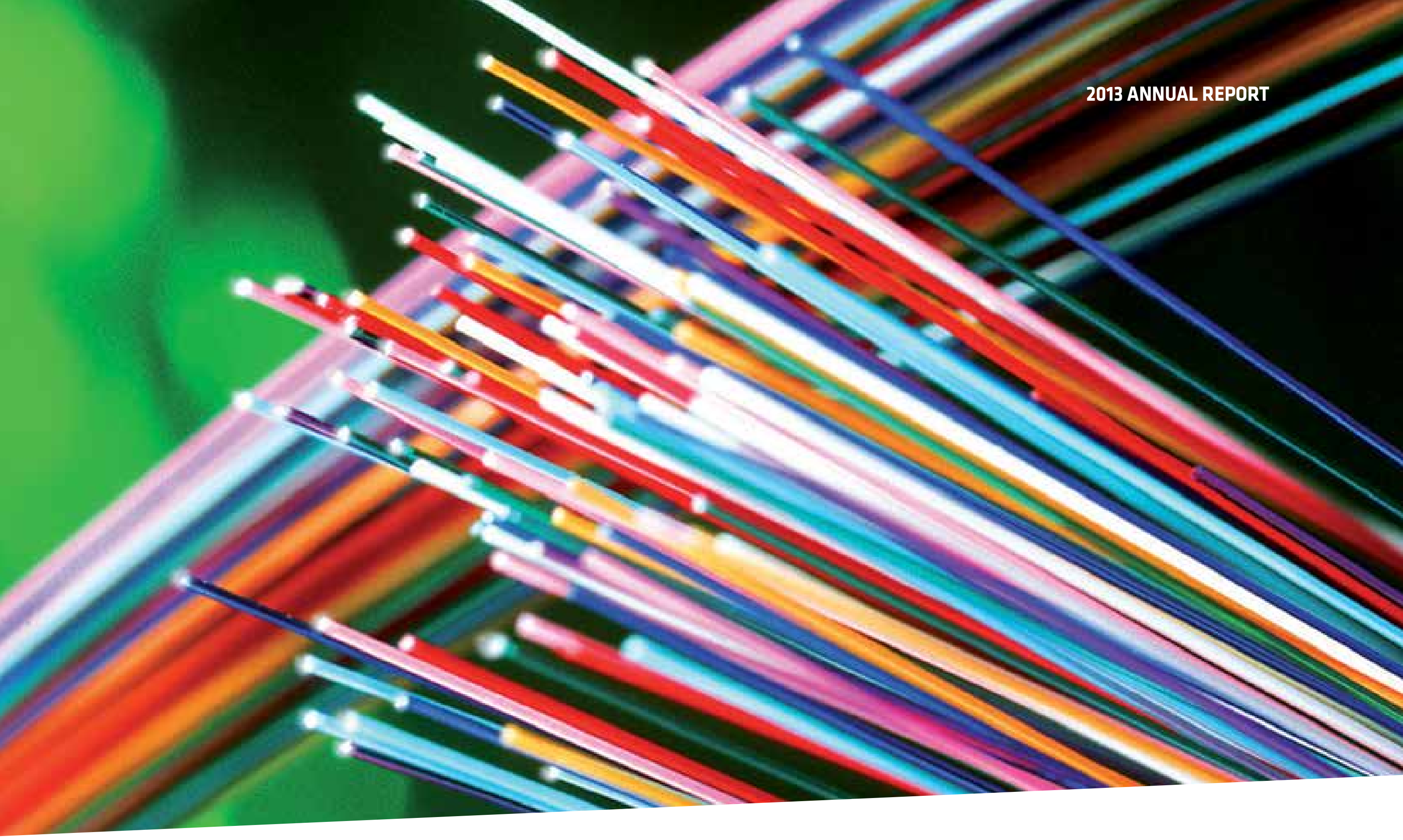
CHNOLOGY **LINKING TURKEY TO THE FUTURE** THE

WABLE ENERGY SUPPORTING GLOBA THE DEVELOPMENT

Prysmian Group

TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş.

2013 ANNUAL REPORT



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MESSAGE FROM CEO

Letter to stakeholders

2013 has been an exciting year for Türk Prysmian: despite the more challenging and volatile economic environment, we achieved an exceptionally positive performance with strong volume growth associated with increased profit and cash.

A More Challenging Market Scenario

The slowing growth in world cable market, especially in Europe, continued in 2013. While the overall world GDP growth is reflecting further signs of recovery, growth was not distributed equally among all regions. The U.S., the world's biggest economy, introduced new measures to monetary policy causing a lot of volatility in developing countries in need of capital inflows. Europe, the biggest export market for Turkey, stayed borderline as growth rates, limiting any positive demand pressure on Turkish economy.

The Turkish economy is expected to achieve a growth rate of 3.6% in 2013, after just 2.2% in 2012: both years were below the average growt rate of 5.2% between 2001-2011. Domestic demand was relatively stronger in the first half, boosted by monetary easening, record low interest rates and a surge in government spending. In the second half, the tapering of the US Fed's quantitative easing program led to a reversal of capital flows. However, markets stabilized following the Fed's decision to delay tapering.

The fluctuations in the financial markets had impacts on overall economic activity in Turkey, as for many other countries. Even Turkey's construction industry, which has been growing at record-breaking speed, suffered some setbacks and the investment growth in many industries was lighter than the previous years. Many companies with foreign exchange exposure suffered losses due to serious devaluation of TL in the second half of the year.

Our Strategy and Key Actions

In line with our mission "Linking Turkey to the Future" that we launched in 2011, we consistently continue to offer optimal solutions to meet the demands of our customers with innovative and most efficient products.

Being part of the greatest cable company in the world gives us unique access to the very best and most efficient cable solutions. Combining the Prysmian Group's know-how and wide portfolio with our strong local market knowledge, we are able to provide the sector with the best, safest and most efficient solutions, setting the standards for the market. We are partnering with leading companies on the most important projects and we continue to get "under the skin" of our customers and cable users to fully understand -and at times anticipate- their needs. We relentlessly strive for stronger and deeper customer intimacy through special projects like the "Customer development program" we launched in 2013.

Our Group believes and invests in Turkey's future: in 2013 we continued to increase our production capacity in the main product groups aiming to renovate and improve our facilities; we expanded the breadth of our product range by adding new categories and improved the level of our services. The ceremony for the re-opening of our factory held on April 10, 2013, marked the biggest investment made at our Mudanya plant since the inauguration in 1964. We are proud to be the industry leader and the renovations we have completed once again show the strength of our commitment to the Turkish economy, to our "family" at our Mudanya plant and our customers.

Our aim is to positively change and improve the lives of all the people we touch with our company and our solutions. One of the most significant actions was our launch of the most comprehensive educational and awareness initiative in the Turkish cable industry history, "Attention! All Cables Are Not The Same..." We are proud of this initiative which was a major step forward in creating a better, safer and more efficient cable market in Turkey. After the successful launch in the first half of 2013 in Turkey, we also extended it abroad to Iraq reaching in total more than 1.430 of the most influential people in the industry through 23 seminars held in 12 cities in 2 countries.

In line with our technology investments in our production facilities, we continue to invest in the constant development of our biggest asset, our human resources. In this regard, we held over 20,000 hours of training for our employees in 2013 alone. We added 77 new people to our organization. Our highly competent teams composed of well-educated and qualified members have played an important role in the success we have achieved despite the challenging market conditions. Our members are the real cable experts and possess a set of differentiated competencies that distinguish them on the market. We attract the very best people by offering strong development programs, international mobility (today we have 11 people working abroad) and new highly successful initiatives like our Graduate Program. We are delighted to state that today Turkey is a hub, not only for cable production, but also for R&D and talent development.

In October 2013 to align the interests of all stakeholders, from shareholders to employees, Prysmian Group headquartered in Milan and 100% listed in Milan Stock Exchange, introduced a comprehensive employee shareholdership plans named YES (Your Employee Shares). The plan offers 16,000 Group employees around the world the opportunity to buy Prysmian shares at a discount of up to 25% on market price (or a 1% discount in the case of top management). The aim of the Plan is to further strengthen the involvement and loyalty of the entire workforce by all sharing the same commitment to creating value and achieving business goals. An impressive 74% of our local employees signed-up for the program which was the second highest in the world. Giving back to our employees and our community is extended also to families of our employees. In 2013, we increased the number of scholarship provided to successful high school or university students from our employee families to 23 from 16 scholarships in 2012.

Business Performance

Building on our extended product portfolio, increased capacity and efficiencies in 2013, and taking another major step as the recognized cable expert, we succeeded in increasing our total sales by 22%, reaching TL822 million, all-time high in the Company's 49 year history. While our gross profit showed an increase of 7.3% compared to the previous year, rising from TL82 million to TL88 million, our net profit for the same period rose from TL7.7 million to TL9.15 million showing an 18.8% growth.

The successful figures achieved in production and sales resulted in generating cash, which also enabled us to launch many important initiatives. Cash balances in our balance sheet at the beginning of the fiscal year increased from TL118.79 million to TL172.26 million at the end of 2013; reflecting an increase of 45 percent. Our total assets increased from TL424 million to TL590 million in the same period; reflecting an increase of 39 percent.

Looking Ahead

Our outlook for the future is positive. 2012 and 2013 have been two very important years for our company to build an even stronger foundation for our future and to make us a stronger and more competitive company. 2014 outlook could be somewhat more challenging and volatile due to elections but we feel confident knowing that we are well prepared and ready. We will continue to pursue our mission "Linking Turkey to the Future" by:

- building a better, more efficient and safer cable market offering the right solution for each need
- attracting, developing and retaining the very best people
- further improving our factory and further leveraging the 91 factories of the Group across the world

Within our company there is an extraordinary sense of purpose, one that disrupts the old order and empowers the creation of the new and the better. In 2014 we will continue this forward-thinking approach–focusing on extending our market leadership by delivering the most efficient energy and communication cable solutions. An example of this will be our completion of the first ever HV submarine connection between Asia and Europe that we will be completed in the second half of 2014.

Finally I would like to thank all the Türk Prysmian "family" and our partners for the record year 2013. I am proud to lead this growing organization that continues to evolve with the market and our customer needs as also Turkey and our export markets continue to grow and evolve. I would also like to thank all the key market stakeholder for working together with us in our quest for building a better and more efficient cable market. We are looking forward to a very special 2014 when we will also celebrate our first 50 years in Turkey!

Hans GS Hoegstedt
CEO

Ercan Karaismailoğlu
Board Member & CFO

Halil İbrahim Kongur
Board Member
& Factory Director

Hans GS Hoegstedt
Vice Chairman of Board of Directors & CEO

TÜRK PRYSMİAN 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 annuel report includes the period of 01.01.2013 and 31.12.2013.

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

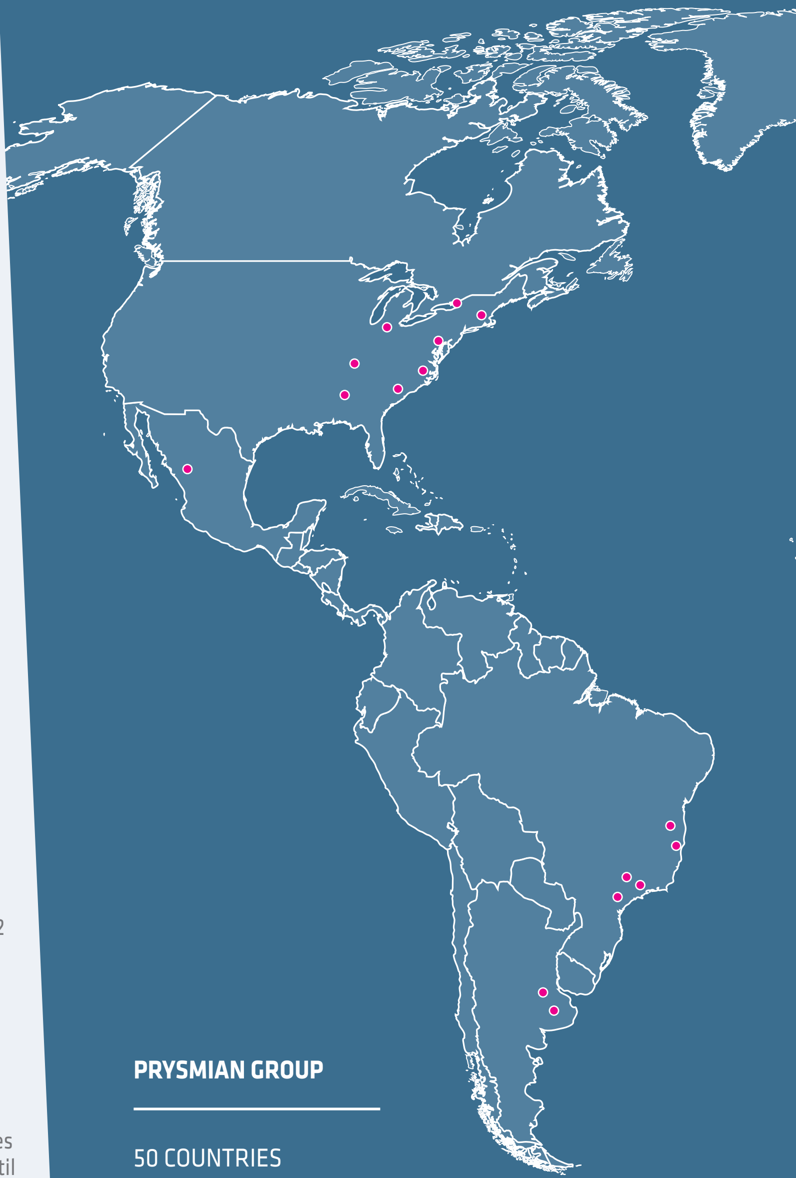
Trade Registry Number: M0153/Bursa Merkez

Web site: www.prysmiangroup.com.tr

Amendment of Articles of Association during business year: The articles of association amendment made by our company from 01.01.2013 until 31.12.2013 and justifications of such amendments are as follows.

• Article 3 of our company's articles of association is amended as; Since existing laboratory within the body of our company is foreseen to be accredited and commissioned as an independent laboratory.

The revised edition of the articles of association is available on www.prysmiangroup.com.tr and www.kap.gov.tr.



PRYSMIAN GROUP

50 COUNTRIES

91 PLANTS

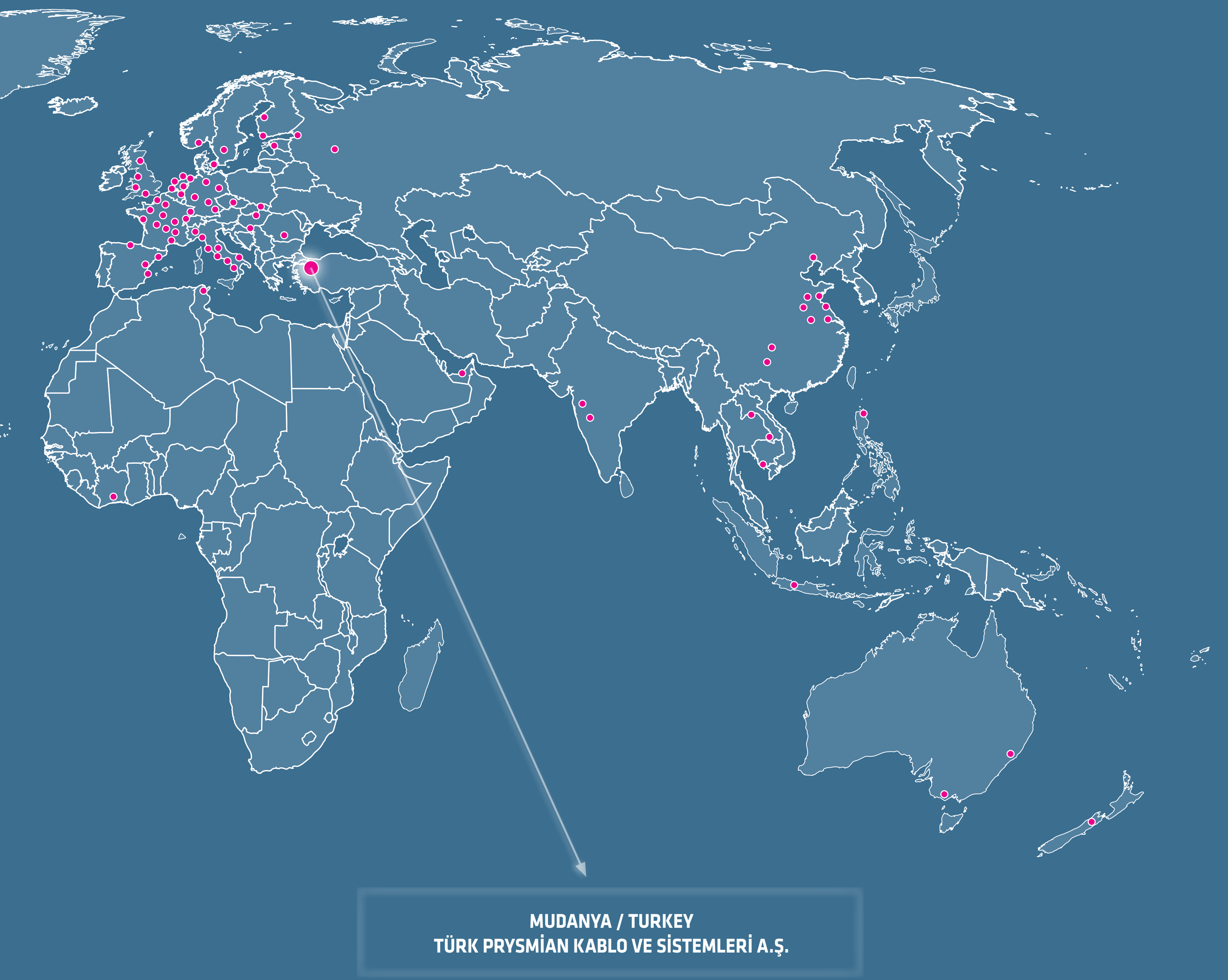
17 R&D CENTRES

20.000 EMPLOYEES

TÜRK PRYSMİAN 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 m² (covered area: 79.000 m²).

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. 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.

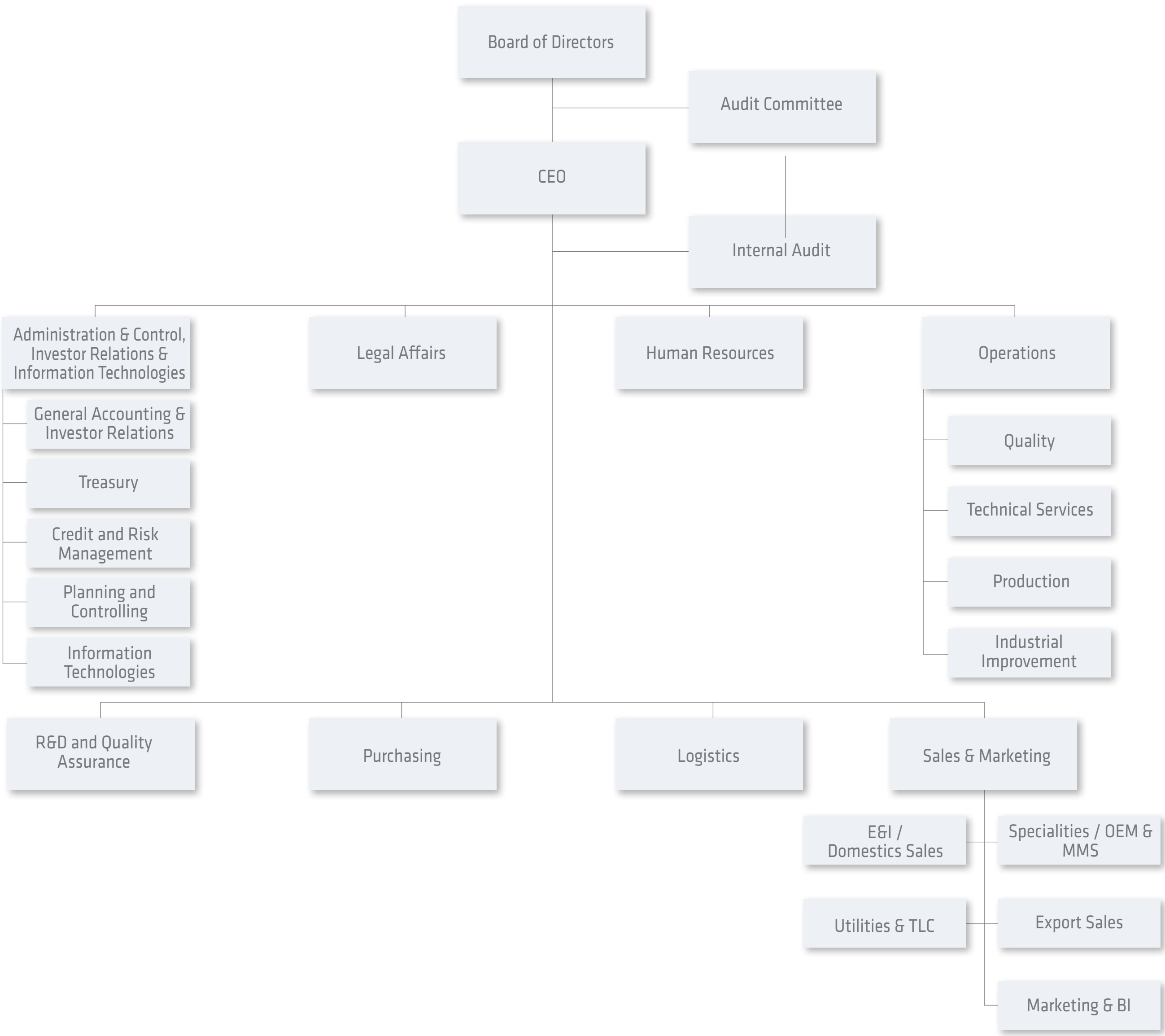


The installed capacity of Türk Prysmian is able to meet the whole demand of the domestic market and is also at a level to compete in the international markets. In 2012 the capacity saturation was 80% but with an increase 14%, in 2013, it is utilized by 91%. Türk Prysmian, which continues to be a privileged export centre within the Prysmian Group exported approximately 34% of its TL822,448,217 turnover in 2013. Today, the company exports to more than 40 countries including Azerbaijan, Iraq, Turkmenistan, UK, France, Jordan and Barbados, other countries in the Middle East and North Africa regions as well as Chile, Papua New Guinea, Sri Lanka and China.

Prysmian Group has 17 R&D centers worldwide; one of these R&D centers is in Türk Prysmian's Mudanya factory. The laboratories of the company use the most advanced technology and are certified by the Turkish Standards Institute. Türk Prysmian has sustained its leadership regarding to innovation, technology, quality and customer satisfaction in Turkey and in the international markets.

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

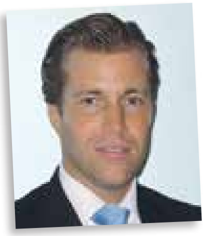
The Board of Directors	*Chairman*	**Mahmut Tayfun ANIK**
	Vice Chairman	**Hans G.S. HOEGSTEDT**
	Board Member	**Fabio Ignazio ROMEO**
	Board Member	**Ercan KARAİSMAİLOĞLU**
	Board Member	**Halil İbrahim KONGUR**
	Independent Board Member	**Ali Aydın PANDIR**
	Independent Board Member	**Neslihan TONBUL**
	Independent Board Member	**Mehmet Emin TUTAN**
Audit Committee	*Commitee Member*	**Ali Aydın PANDIR**
	Commitee Member	**Neslihan TONBUL**
Early Risk Assessment and Risk Management Committee	*Commitee Member*	**Ercan KARAİSMAİLOĞLU**
	Commitee Member	**Ali Aydın PANDIR**
Corporate Governance Committee	*Commitee Member*	**Fabio Ignazio ROMEO**
	Commitee Member	**Ali Aydın PANDIR**

BOARD MEMBERS

Mahmut Tayfun Anık

Chairman

Mahmut Tayfun Anık, who has a BA degree in Business Administration from Bogazici University, has over 25 years of experience within Pirelli / Prysmian Group, having started his career in treasury and finance departments in Turkey. After holding various management related positions rand Procurement in Pirelli Tyres in Turkey, Germany and Italy, he is now the Chief Procurement Officer for Prysmian S.p.A. since 2003.



Hans GS Hoegstedt

Vice Chairman of Board of Directors & CEO

Hans Hoegstedt, before its appointment to Türk Prysmian as CEO, worked as "Worldwide Director for the two largets business units; Power Distribution and Trade & Installers" within Prysmian Group '06-'11. 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 and now the Prysmian Group. During his career he has worked in 7 different countries including UK, Germany, US, Romanian, Italy and now Turkey. He holds an BA and MBA studying at Pepperdine University and Harvard University.

Fabio Ignazio Romeo

Board Member (Prysmian (Dutch) Holdings B.V. natural person per procuration)

Fabio Romeo is the Head of our Energy Cables & Systems division. 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. In 1998 he was appointed Managing Director of the Electronics Systems division of Magneti Marelli. 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.

BOARD MEMBERS

Ercan Karaismailoğlu
Board Member & CFO
Ercan Karaismailoğlu has joined Prysmian family in 2001 as a Planning and Controlling Manager. Between 2004 - 2009, he has worked as Chief Financial Officer (CFO) of Türk Prysmian Cables and Systems. Between 2009 - 2011 he went to USA and worked as North America Chief Financial Officer (CFO). He returned to Turkey in April 2011 and started to work as Chief Financial Officer (CFO) again. He started his professional career life in 1995 in PriceWaterhouseCoopers Audit department, then worked in Arthur Andersen Tax and Outsourcing departments. He has graduated from Middle East Technical University, department of Economics and has certification of CPA (Chart of Public Accountant).

Halil İbrahim Kongur
Board Member & Factory Director
Halil İbrahim Kongur has joined Prysmian family in 1986 and since 2003 he has been working as Factory Director. Kongur, worked as Planning Engineer, Logistics Manager, Production Manager and Purchasing Director before assigned to this job. He has graduated from Karadeniz Technical University, department of Mechanical Engineering and completed his masters degree in Berlin Technical University in Manufacturing Technologies department.

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, Singapure 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.

Neslihan Tonbul
Independent Board Member
Neslihan Tonbul's first employment was in Bloomingdale Corp. (USA) as sales consultant between 1978 and 1983. Nominated as vice chairman responsible for Middle East and Africa regions in Trust Company, NY (USA) in 1983, Tonbul retained this position until 1998. Between 1998 and 2008, she served as country director for Turkey, Israel and Azerbaijan within the body of New York Mellon, and provided consultancy services to a number of luxury lifestyle brans aiming to create a brand image and develop Market position in Turkey and South Africa between 2008 and 2009. Serving as a member of the Board of Directors in Yaşar Holding since 2009, Tonbul has also taken office between 2010 and 2011 as a member of advisory board in 212 VC Partners company, which provides investment consultancy services. Neslihan Tonbul graduated from Rutgers University, Department of Economy and Politicical Sciences and has received her PhD from Tufts University – Fletcher School of Law and Diplomacy, Department of Development Economy and International Trade.

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

Erkan Aydoğdu

Logistics and R&D Director

Erkan Aydoğdu started to work in the Production Planning department in 1997 in Prysmian family. Between 2001 - 2002 he went to Italy-HQ and worked as Process Kaizen Engineer in the Logistics department. He returned to Turkey in 2003 and started to work as Logistics Chief and then Logistics Manager. Since 2010 he has been managing both Logistics and R&D departments as Logistics and R&D Director. Aydoğdu has graduated from Middle East Technical University department of Mechanical Engineering.

İbrahim Etem Bakaç

Domestics Sales Director

İbrahim Etem Bakaç started to work in Domestics Sales department in 2001. In 2003, he was appointed as Domestics Sales Manager and between 2010 - 2011 he worked as Sales & Marketing Director. Since 2011 he has been working as E&I / Domestics Sales Director. He has 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.

Ufuk Çolak

Marketing and Business Intelligence Manager

Ufuk Çolak has joined to Prysmian Group 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. Since 2011 he has been working as Marketing and Business Intelligence Manager. Ufuk Çolak has graduated from Istanbul Technical University department of Electrical Engineering.

Aydan Biltekin Gökdağ

Internal Audit Manager

Aydan Biltekin has started her professional career in 2003 in Moore Stephens Audit Services Consultancy as Tax Auditor. In 2004 she started to work in Ernst & Young as Auditor. Biltekin has joined Prysmian family in 2006. She has been working as Internal Audit Manager, graduated from Marmara University department of Business Administration and completed her masters degree in Marmara University of Finance department. Biltekin has certification of CPA (Chart of Public Accountant).

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 has graduated from Yıldız Technical University department of Electrical Engineering.

Sabri Levent Özçengel

Human Resources Director

Sabri Levent Özçengel has joined to Prysmian family in 2000. Since 2006 he has been working as Human Resources Director, before he assigned to his current job, he worked in Administration & Control and Export Sales departments. Özçengel has 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 to Prysmian family as Industrial Sales Manager. Between 2010 - 2011 he worked as Export Sales Manager. He has been working as Specialties & OEM Sales Director since 2011. Öztürk has graduated from İstanbul Technical University department of Electrical Engineering.

Murat Tezcan

Export Sales Director

Murat Tezcan started to work in Export Sales department in 1992 in Prysmian. Between 2000 - 2010 he worked as Export Sales Manager. Between 2010 - 2011 he went to Italy-HQ and worked as TLC Cables Worldwide Sales Director, and he returned to Turkey and in addition to TLC Cables Worldwide Sales Coordinator position, started to work as Export Sales & TLC Solutions Sales Director. He has been working currently as Export Sales Director. Murat Tezcan, graduated from Yıldız Technical University department of Mechanical Engineering. He completed his masters degree in Istanbul University in International Trade department and he is currently attending to his second masters education about Finance in Yeditepe University.

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 program.

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 has graduated from İstanbul Technical University department of Mechanical Engineering, and she completed her masters degree in İstanbul 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, Communication Cables Quality Manager and R&D Manager. He has graduated from Middle East 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 has graduated from Middle East Technical University department of Electrical & Electronics Engineering.

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

Sezgin İslamoğlu
Production Manager
Sezgin Islamoglu in 2006 joined the family of Prysmian. From 2012, has been serving as Energy and Telecom Production Manager. Prior to this position, has served as a Mechanical Maintenance and Telecom Cable Production Chief. Sezgin Islamoglu, graduated from Marmara University Department of Mechanical Engineering. Since 2008 continues in Anadolu University School of Business Administration.

Gaye Yurdaşen Kantar
Credit and Risk Manager
Gaye Yurdasen Kantar has joined Prysmian family in 2012. Previously, Gaye Yurdasen Kantar have had banking experience as a Portfolio Manager at Yapi ve Kredi Bankasi A.S. - 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 Istanbul University, Economics department.

Nevin Kocabaş
General 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 at the group of T. Şişe ve Cam Fabrikaları A.Ş as a General Accounting Chief from 2005. Kocabaş has joined Prysmian family in 2011. She has graduated from Uludağ University department of Business Administration and also completed her masters degree in Uludağ University, department of Accounting and Finance.

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 has been working as Treasury Manager, she has graduated from İstanbul Universitiy Faculty of Foresty Engineering, 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, has graduated from İstanbul Technical University department of Electrical Engineering.

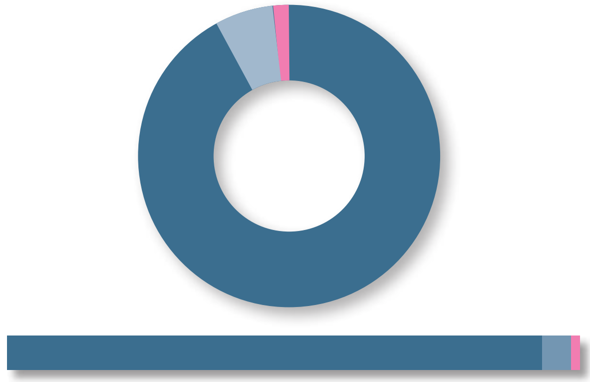
Okay Yıldız
Technical Services Manager
Okay Yıldız started to work in the Technical Services department in 1988 in Prysmian family. From 1993, he worked as Mechanical Group Manager and Energy Cables Production Manager, since 2002 he has been working as Technical Services Manager. Yıldız has graduated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

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 2013 is as below:

Domestic Market:	TL543,176,269 (66%)
Export:	TL279,271,948 (34%)
Total:	TL822,448,217



Energy:	TL757,525,261 (92.1%)
Copper Telecom:	TL53,246,862 (6.5%)
Fiber:	TL11,676,094 (1.4%)

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

Adnan Elektrik
Alfa Elektrik
Asal Elektrik
Cihan Elektrik
Çağın Elektromarket
Çetin-İş Elektrik
Delta Tema Elektrik
Derya Elektrik
Egesim
Ekay Elektrik
Elpim
Emta Adana
Fındıkkaya Elektrik
Gerilim Elektrik
Güzel Ufuk Elektrik
Karadeniz Elektromarket
Kıraç Elektrik
Konya Elmak
Mefa Elektrik
Nepa Elektrik
Oskar Elektrik
Özteknik Enerji
Panosan Elektrik
Promeda Elektrik
Ruhbaş Elektrik
Santral Elektrik
Simpa Elektrik
Ünko Elektrik
Yeğenler Elektrik
Yılmaz Elektrik

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

ABB
Alarko
Alstom
Anel Elektrik
Arçelik
Areva
Arma Elektropanç
Beşiktaş Gemi İnşa
Cengiz Enerji
Diler / Yazıcı Demir Çelik
Ege Yapı
Elco Contracting
Enerji-SA
Ereğli Demir Çelik
FGC Elektronik
Gama Industrial
Habaş
HKS Has Asansör
İçdaş
İnşel
İskenderun Demir Çelik
Karadeniz Enerji
Nuh Çimento
Park Teknik
Petrofac
R&M Electrical Group
Sasel Elektromekanik
Savronik
Siemens
Superonline
Taisei
Technip
Teiaş
Tekfen
Teleset
Tınarsoy
Torunlar
Turtle&Hughes
Tüpraş
Türk Telekom
Vesco Contracting
Vestel
Vodafone

PRESTIGIOUS PROJECT REFERENCES

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

- **Prime Mall,** World's Best Project Award (Shopping Mall) / Gaziantep, 2013
- **Mercury City Tower,** Europe's Tallest Building / Russia, 2013
- **Avrasya Tunnel Project,** The Most Modern Infrastructure Project Connecting The Continents / Istanbul, 2013
- **Spine Tower**, 2012 Europe Best Office Architect Award / Istanbul, 2012
- **Sinan Erdem Sports Arena,** Turkey's Biggest Sport Arena / Istanbul, 2012
- **Shangri-La Bosphorus Hotel,** World's First Hotel Which Has 7 Floors Undersea / Istanbul, 2012
- **GE – 19 Tower Project,** First Tower Project Where Türk Prysmian Cables Are Used / Turkey, 2012
- **Fuel to Electrical Car Transformation,** First Fuel to Electrical Car Transformation Project / Turkey, 2012
- **Algida-Konya Ice Cream Factory,** World's First Leed Certificated Ice Cream Factory / Konya, 2012
- **Mercedes Buses,** Turkey's Highest Technology Buses / Turkey, 2008-2012
- **Zorlu Center**, Master Planning – Cityscape Architectural Awards / Istanbul, 2011
- **Turkmenistan TV Tower,** World's Biggest Star In Architecture / Turkmenistan, 2011
- **Türk Telekom Arena**, The Newest and High Technology Football Stadium of Turkey / Istanbul, 2011
- **Trump Towers Istanbul**, The First "Trump" Towers in Europe / Istanbul, 2011
- **Mecca Clock Tower**, The Tallest Building of Saudi Arabia / Mecca, Saudi Arabia, 2011
- **Istanbul Sapphire Tower**, The Tallest Building of Turkey / Istanbul, 2011
- **Fenerbahçe Ülker Sports Arena City**, The Most Modern Indoor Facility of Turkey / Istanbul, 2011
- **Digiturk 3D Live Broadcast Car,** Turkey's First 3D Live Broadcast Car / Turkey, 2011
- **Baku Flame Towers**, The Tallest and Most Modern Building of Azerbaijan / Baku, Azerbaijan, 2011
- **Ayada**, First Turkish Island in Maldives / Maldives, 2011
- **Ankara-Konya High Speed Train,** Turkey's First High Speed Railway Line Which Is Completely Constructed By Turkish Project Managers And Engineers / Turkey, 2011
- **Marmara Forum**, The Shopping Mall With the Highest Number of Brands / Istanbul, 2011
- **Marmaray**, The Largest Infrastructure Project Connecting Europe to Asia / Istanbul, 2011
- **Terracity**, The Biggest Shopping Center in Antalya / Antalya, 2011
- **Tripoli University**, The Largest University of Libya / Tripoli, Libya, 2010
- **Palazzo Versace**, The First Hotel With a Refrigerated Beach / Dubai, 2010
- **MMK Metalurji A.Ş.,** The Best Metal Project in Europe / İskenderun, 2010
- **Dubai Metro**, The Longest Metro Built in One Go / Dubai, 2010
- **Çağlayan Court of Justice**, The Largest Court of Justice of Turkey / Istanbul, 2010
- **City of Capitals**, The Tallest Building of Europe / Moscow, 2010
- **Zonguldak Termic Energy Station**, The Best Energy Project in Europe / Zonguldak, 2009
- **Sabiha Gökçen Airport**, World's Best International Public Development Project / Istanbul, 2009
- **Mardan Palace Hotel**, The Most Luxury Hotel in Turkey / Antalya, 2009
- **380 kV TEİAŞ Davutpaşa - İkitelli Project**, Turkey's First 380 kV Underground Power Cable Project / Istanbul, 2007
- **Adam&Eve Hotel**, The Best Design Hotel in Turkey / Antalya, 2006
- **154 kV TEİAŞ Alibeyköy - Etiler Project**, Turkey's First 154 kV XLPE 1600 mm² Miliken HV Power Cable Project / Istanbul, 2006
- **Formula 1 Istanbul Park**, The Biggest Race Circuit of Turkey / Istanbul, 2004

2013 ECONOMIC OVERVIEW

Capital Flows into emerging markets remained weak in the last quarter of the year. The FED's announcement that it would maintain the quantative easing exit strategy was influential in this development. FED announced recently in December meeting to taper its monthly 85 billion asset purchases by 10 billion USD starting from January 2014 emphasizing that asset purchases would not be reduced rapidly in coming period in its December meeting. Impacts of the decision on emerging market countries currencies were limited as the tapering decision largely priced in before. Following the domestic developments as of the last quarter of the year, Turkey has slightly diverged from other similar economies with similar economic conditions. Turkey's exchange rate depreciated more against the USD and other hard currencies. Risk perception towards Turkish economy has increased leading a depreciation in Turkish Lira in last days of the year as a result USD / TL and EUR / TL closed the year at historical levels.

Equity and bond markets that witnessed strong foreign inflows in the first 4-5 months of 2013 taking advantage of global liquidity conditions than started to face strong outflows as of end May with worries about a possible tapering in near future in the USA. 2 years and 10 years benchmark bond yields raised averaged 8.14% and 9.07% respectively in last 10 days of September. Sentiment in bond markets started to improve again on the back of rising expectations about a delay in the contraction in the FED's asset purchase programme possibly to 2014 in October. Turkish bond yields dropped significantly and 2 Y benchmark bond rose above 10% and reached double digit levels in December for the first time since August in line with the deteriorations in risk indicators .

Turkish economy grew by 4% in the first nine months of 2013 compared with same period of the last year . 2013 year end growing figure expected to be in same level. Consumption expenditures lost some momentum however increase in private investment spending compensated the negative impacts of this momentum loss in GDP growth in this period.

Consumer inflation increased by 1.2% to 7.40% in 2013, annual inflation surpassed Central Bank's 6.8% year end forecast. Inflation which rose due to tax adjustmentson tobacco at the beginning of 2013 followed a volatile path in the remaining part of the year due to developments in unprosessed food and energy prices. In the second half of the year the depreciation of Turkish lira caused core inflation indicators to rise particularly through the core goods group. Annual PPI inflation also recorded a sharp increase in December and rose to 6.97% the highest level for the last 19 months .

Foreign trade deficit increased to USD99.8 billion in 2013. Total exports raised to USD151.9 billion while imports reached USD251.7 billion. Import coverage ratio realized as 60.3% contracting by 4.2% in comparison to 2012. Analyzing the sub items of exports motor vehicles exports raised by 12.3% compared to the previous year and reached 17 billion USD it was followed by boilers and machinery and electrical equipment.

The consumer confidence index declined by 2,5 basis points in December compared to the previous month and realized as 75. Real sector confidence index also dropped by 0,6 point to 110,9. The seasonal and calendar adjusted unemployment rate continued to increase and realized 10.2%. Turkey's five year CDS spreads reached their highest level since June 2012.

Central government budget posted a deficit of 17.2 billion TL in December. However due to strong performance in the first 11 months of the year, budget deficit declined by 37.3% to 18.4 billion TL compared to the previous year. Budget deficit was realized as only 54.3% of initial budget target. In 2013 budget expenditures rose by 12.7% whereas budget revenues increased by 17.1% surpassing the year end target with a significant margin indicating a strong performance. Value added tax, Special Consumption Tax and VAT on imports were main three items which had a share of 57.1% in total tax revenues.

2014 ECONOMIC EXPECTATIONS

Data for final quarter of 2013 suggest that economic activity continued to grow moderately. On the production side the industrial production index was up to in October – November from the third quarter average continuing on the steady quarterly growth trend. Under the assumption that the movements in the exchange rate, interest rate and confidence stemming from recent domestic uncertainty are temporary, private sector demand is envisaged to continue improving in the second quarter of 2014 following its weak course in the first quarter. Expected slowdown in domestic demand is projected to support the recent improvement in the current account deficit and rebalancing process. Exports are expected to grow further owing also to the recovery in the demand of European countries. Accelerated depreciation of TL during last month of the year is also anticipated to limit the foreign trade deficit.

In 2013 domestic demand conditions were reflected on budget positively via increase in tax revenues and budget discipline was maintained. In 2014 anticipated slowdown in domestic demand would affect the budget performance.

However inflation expected to be stabilized around 5% in medium term, 2014 year end forecasts revised up to be in range of 7.5% - 8% by many institutions. Central Bank's revised target for 2014 announced with a mid point of 6.6% but it should be considered that any new data or information regarding the inflation outlook may lead a change in the monetary policy stance of Central Bank.

World bank has revised its growth expectations for 2014 as 2.2% for development countries and 5.3% developing countries.

FED stated that further cuts in asset purchase programme would take place in moderate pace and the tapering process will last until the end of 2014. Markets perception is FED will not hurry to tighten monetary policy. The expectations about US economy point a better outlook for 2014 while the recovery in the Euro area is expected to be gradual during same period on the other hand economic performances of developing countries are anticipated to be mostly shaped by FED's decisions. Overall developments in international markets will continue to be major determinant of TL movements in 2014.

SECTOR ANALYSIS

Despite the recovery in the developed countries, the recovery trend in the US economy and positive signals in the European Union; the slowdown in the growth rates of the economies of the developing countries, which are the driving force of the global economy after the global financial crises has not allowed the global economic operations to be in the desired level.

Turkey, one of the least affected countries by the global financial crisis and the related ambiguity, has a growth rate of 2.2% in 2012. The increasing uncertainties about the global monetary policy since the second quarter of 2013 led to have capital outflows from the developing countries like Turkey. In 2013, when the total exports decreased compared to 2012, it is estimated that Turkey will have a higher growth rate in 2013 than that of last year as a result of the high performance in the construction sector, one of the most important indicators of our industry, and positive developments in the industrial production.

Based on the performance of Turkey in 2013, the Turkish cable industry reached the expected growth rate due to the mobility in the construction sector and industry unlike the previous year. Focused more on the exports markets in 2013, the sector is found to have grown 7.9% more in real terms in 2013 compared to 2012 based on the export data included in the class "insulated wire, cable; other insulated electrical conductors; fiber optic cable" No:8544 according to the HS 2007 coding system prepared in line with the commodity description and coding system.

The privatization process of the Power Distribution Companies, which has been initiated in 2009 by the Turkish Electrical Distribution Inc. Co. (TEDAS), the biggest user of the energy cabling industry, and which intends to operate the assets efficiently and to ensure the supply security of electrical energy has been completed with the privatization of all the 21 regions in Turkey. There will be some studies on the reduction of lost-illegal use rate by the institutions and the costs are expected to decrease in an environment where there is no ownership transfer, the ownership of distribution lines remains in the public sector and the system will be operated by the private sector.

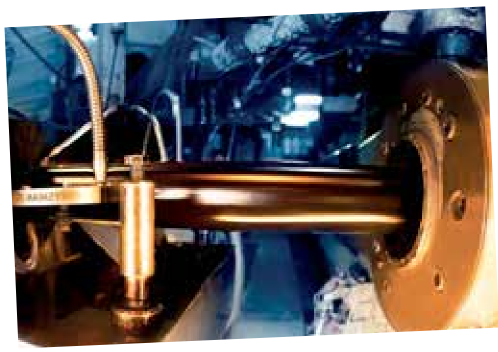
The installed power of electric energy in Turkey increased by 12% in Turkey in 2013 and reached 64.044 MW. Moreover, the gross energy production was 239 billion kWh in 2013. The Energy Market Regulatory Authority (EPDK) issued a "5-year production capacity projection of the Turkish electrical energy" in line with the macro economic targets. In two different scenarios prepared based on the report, the issue of meeting the installed power and energy demand by the system was analyzed and the studies on the infrastructural investments and energy diversification were considered based on the current capacity, public production facilities investments and private sector investments still constructed. It is expected to have an increase in the wind-based energy capacity among the renewable energy resources and the studies on the nuclear energy investments continue rapidly.

The success chart of the Turkish companies in the international contracting services keep on rising in 2013 as well. The annual new business rate is 31.3 billion USD with 374 projects. It is an important success for us that 38 companies are Turkish among the biggest 250 contracting companies in the world and Turkey is listed second after China. Given the distribution of the projects undertaken in 2013 by country, the importance of Turkmenistan market with a market share of 34% is clearly observed.

In order to eliminate the negative effects on the trust for Turkish commodities in the export markets due to the security of life and property risks of low quality cables, the studies on increasing the product quality and manufacturing products in accordance with the standards have continued this year as well by the Association of Cable and Insulated Conductor Industrialists in collaboration with the Turkish Standards Institute and the Ministry of Industry.

Forecasting about company progress

Türk Prysmian Kablo ve Sistemleri A.Ş., one of the strategically important companies of Prysmian Group, continues its studies in development and release of products in conformity with the latest standards, regulations by consolidating its technological leadership. In Mudanya factory, where intense R&D studies are conducted on conformance to the standards, high performance products and solutions providing economical advantage to the end-users, the studies hereof will continue in the next period, as well. However, cooperation is made with central and other country R&D centers through utilization of Prysmian Group R&D abilities, developing range of products by focusing on value added high products used in special applications is aimed. Information and training meetings covering entire Turkey within the frames of **"Attention! All Cables Are Not The Same..."** initiative were continued in 2013 with regional seminars conducted, will be continued to the meetings to be made in 2014. In 2013, when studies were conducted actively to increase export channels, information was provided on diversity of product range by conducting foreign information meetings, seminars, and information meetings on this subject will continued to be made in next period, as well.



R&D ACTIVITIES

Türk Prysmian Kablo ve Sistemleri A.Ş. aims to improve its competitive power by leading innovation and development in energy sector, and conducts studies on environment friendly new product and systems. Mudanya R&D, in the international platform, is one of the 17 different centers of Prysmian R&D family being the leader with over 600 employees in cable production and material technologies.

Türk Prysmian leads the sector with its R&D activities. Innovative product and service studies, high performance cable researches prioritizing life safety, documentation and certificate processes and environment friendly product projects which are important for energy sector are main items of R&D activities.

After 2012, when first steps of Prysmian Performance Test activities were taken and extremely wide launching was conducted for increasing the flame and fire resistant high performance cable consciousness in the market, a great number of training programs have been carried out during 2013, as well. Upon request from the market, in the internet page and as smartphone application, Kablomatik application calculating minimum rate of cable section required to be used at a system was designed and put into practice.

ATTENTION! ALL CABLES ARE NOT THE SAME...

After almost two years of market analysis and product tests and development Türk Prysmian Kablo ve Sistemleri A.Ş. launches the biggest marketing and education 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 the almost two year's development of this comprehensive project 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.

ATTENTION!

ALL CABLES ARE NOT THE SAME...

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 calculate the economical impact of ease and speed of installation. Throughout the period R&D did 3629 tests on different brands and cables and continuosly 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 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 i-Phone App as well as a strong social media campaign on facebook, twitter, youtube, daily motion and vimeo are developed.

During the launch week of 3-7 of December 2012, the R&D, manufacturing, marketing and sales team presented the initiative and gave evidence with real life examples in the Academy, in the R&D lab and in the newly renovated fire lab. In the week of December 17 all of the Istanbul office and R&D in Mudanya visited and "activated" 124 different point-of-sales across 14 different cities of Turkey with promotional materials. Moreover, we are contacted directly with more than 1430 people with 23 seminars organized in Bursa, Istanbul, Ankara, İzmir, Adana, Antalya, Trabzon, Adana, Antalya, Eskişehir, Sakarya and Erbil-Irak. Our objective was to bring our laboratories and educational program to all the key cities of Turkey with the ambitious objective to reach more than 1000 of the opinion leaders in the cable and installation industry across Turkey. We reached more people than our expectation but in any case, to further improve the reach a Webinar was organized where each person could follow the demonstrations directly from his/her computer in an interactive manner allowing the viewers to also ask questions and make comments.

Turk Prysmian completing successfully the first phase of its **"Attention! All Cables Are Not The Same..."** initiative, aimed to increase the number of people it reached with similar activities in the context of the 2nd phase. We were in direct contact with more than 400 people with new promotional materials, we decorated our A-Team distributors' windows with the initiative's posters and our company's sticlers, we shared our initiative's communication materials to the sector professionals, projects companies, contractors, installers, subdealers and many people from the sector once again. Additional to all these activities, we developed a software programme we named KABLOMATİK™ that allow the user to make cable calculations in a very practical way and to save on time. KABLOMATİK™ 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.

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) also in 2013, with the same speed.

PRYSMİAN 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

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

CORPORATE SOCIAL RESPONSIBILITY

Türk Prysmian Kablo ve Sistemleri A.Ş. works on multiple themes in corporate social responsibility, and focuses particularly on educational projects.

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 Reyan 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 4000k 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.

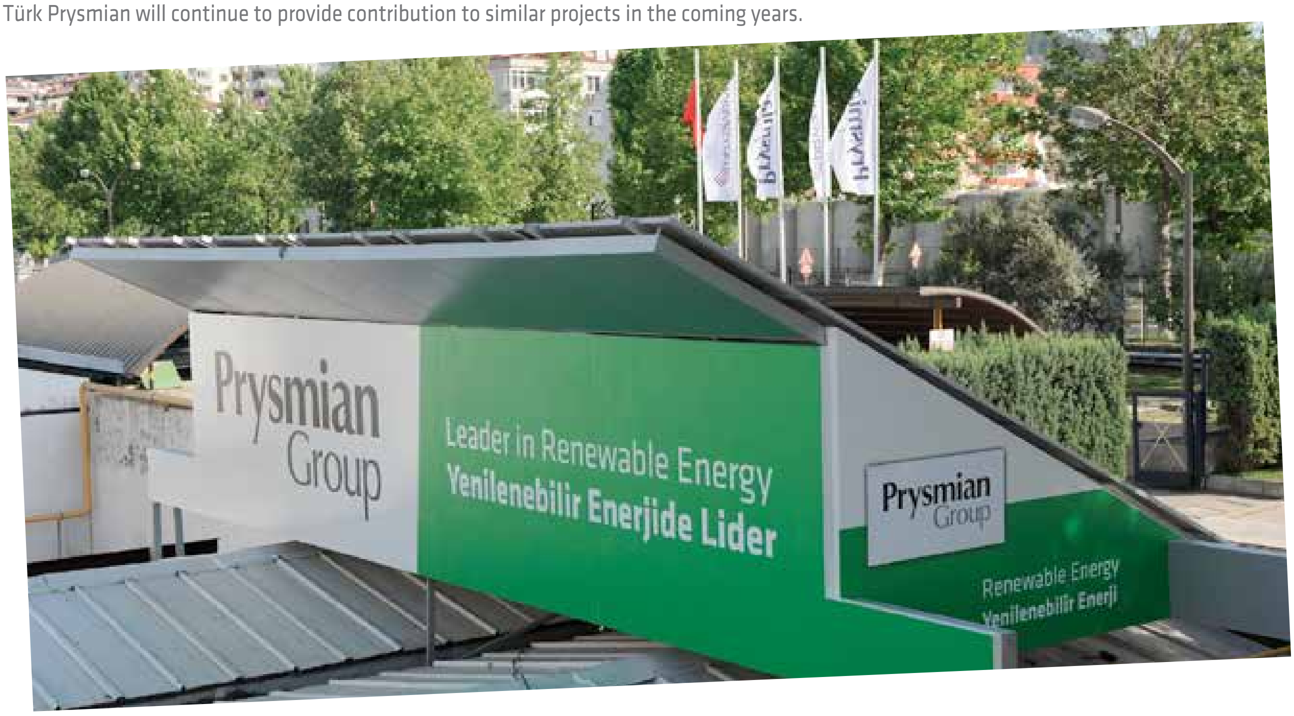
Türk Prysmian continued to support various educational institutions in 2012, namely Hatice İsmail Hakkı Kayan Primary School, İkbal-Betül-İhsan Çilingir Primary School, Ahmet Rüştü High School, and NOSAB Primary School.

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, Turk Prysmian, in "Fire Prevention Week" organized a visit with its employees' children and students from Hatice İsmail Hakkı Kayan Elemantary 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 will continue to provide contribution to similar projects in the coming years.



FINANCIAL ANALYSIS

OVERVIEW

We have completed the 2013 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**:

• **Liquidity...** TL53.47 million cash increment through improvement in feasibility and business capital (from TL118.79 Million to TL172.26 Million)

• **Revenues...** TL822.44 million with an increase of 22% compared to the previous year, (Previous year's revenues TL674.29 million)
• **Gross Profit...** An increase of 7.3% through increased sales,
• **R&D...** TL1.4 Million 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 2013 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 TL30,036, comprised of 1,614 of Turkish Liras and TL28,422 of foreign currency. Our current deposits in the bank amount to TL168,607,059, which reveals an increase by 46% compared to the previous year. The total amount of cheques received is TL3,623,044.

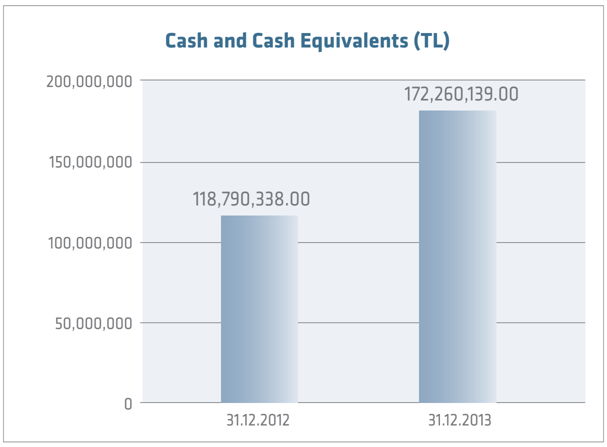
Our short term trade receivables equaled to TL202,859,132. The average collection period for the receivables was 62 days.

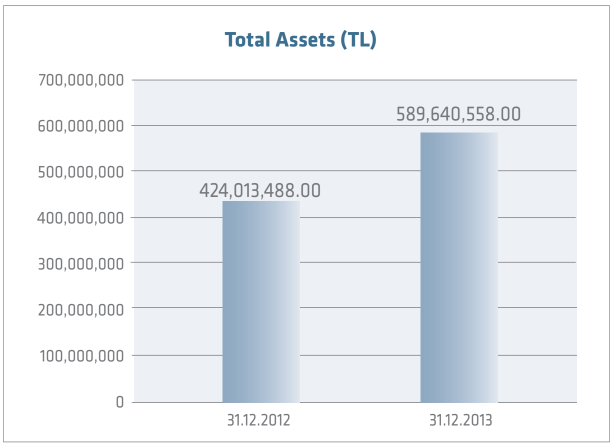
A total of TL1,500,530 rediscount has been calculated for the total amount of TL100,962,668 balance in the notes receivables account. This entire amount is the provision reserved within the year with balances from the previous years. The provisions reserved for the collection risks of domestic and foreign receivables is TL18,570,411. The balance of receivables from affiliates is TL9,33,635, comprised in full amount of the receivables from associated companies.

Our stocks amounted to TL79,245,135. Of the stocks, the primary materials and supplies totaled to TL17,141,042, with semi-finished products of TL23,361,562, trade goods of TL5,625,041 and finished products of TL34,740,828. The provision reserved for stocks amount to TL1,623,338.

The total amount of other current assets was TL31,805,367, consisting of TL17,966,447 for advances given for purchase orders, TL9,526,681 for Tax Office receivables, TL4,054,106 for deferred VAT and the remaining amount for other various current assets.

The total net amount of tangible assets is TL45,136,731 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 TL41,921.





LIABILITIES

In general, the primary financial instruments used by the Company are the operation capital and bank loans. As of 31 December 2013, there are no financial liabilities resulting from bank loans.

Our trade liabilities were TL379,591,263. Of the trade liabilities, the liabilities to suppliers comprise of TL341,839,893 for payables to non-affiliated suppliers and TL37,751,370 for payables to abroad associated suppliers.

The total amount of other liabilities is TL955,249, comprising of TL789,854 for payables to staff and TL165,395 for other various payables.

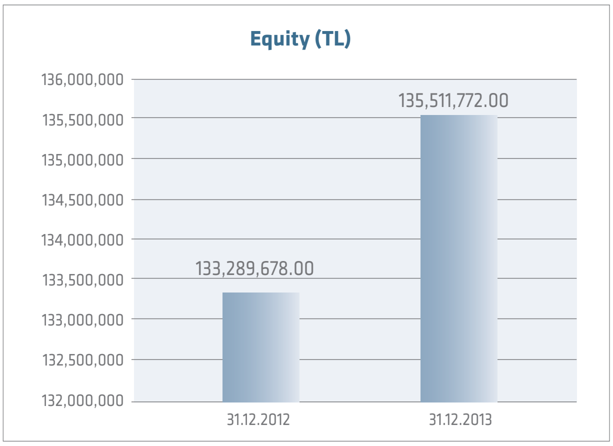
Other short term liabilities amount to TL2,653,249.

TL6,490,157 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 TL3,881,474.

The amount of Paid Capital is TL112,233,652 as of 31 December 2013.

The net term profit in 2013 operation year is TL9,145,892.



INCOME TABLE

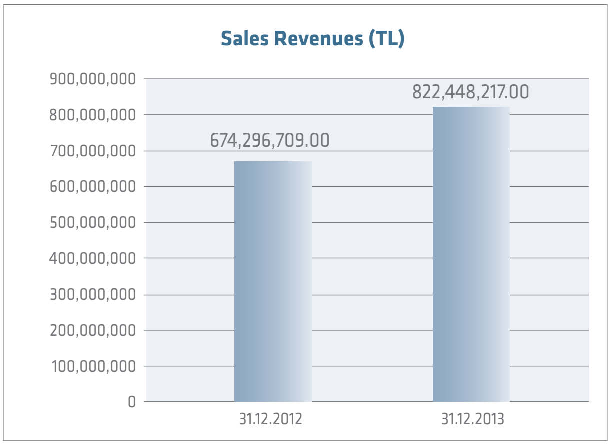
Gross sales were raised by approximately 32% compared to the previous year, reaching TL1,237,380,053. Our domestic sales were TL958,158,105 and export sales were TL279,271,948. The sales deductions amount to TL414,981,836.

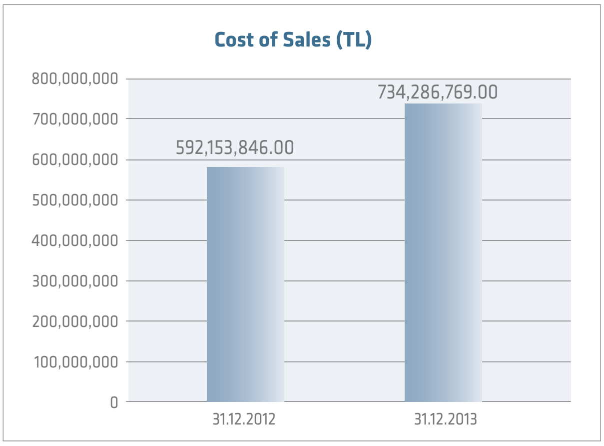
The cost of sold goods with total value of TL734,286,769 equals to 89% of net sales. The cost of goods sold is comprised of the expenses for raw materials and auxiliary materials, direct labour and general production expenditures, reserve for amortization and the variations in semi-finished product and product stocks.

The operation costs for this year was around 9% of net sales. In this context, the R&D expenses amounted to TL1,494,674, 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 TL43,666,964, around 5.3% of net sales, while administrative expenses were TL28,888,629, around 3.5% of sales expenses.

The net real operating costs were TL5,401,463. The highest portion of this amount is the transaction costs for the forward contracts against currency impact.





THE STATEMENT OF RESPONSIBILITY / DIVIDEND DISTRIBUTION PROPOSAL

TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş.
THE STATEMENT OF RESPONSIBILITYAS PER CAPITAL MARKETS BOARD'S COMMUNIQUÉ SERIAL:II NUMBER 14.1 ARTICLE 9

THE BOARD OF DIRECTORS RESOLUTION RESOLVED ON ACCEPTANCE OF FINANCIAL STATEMENTS AND ANNUAL REPORT:

MEETING MINUTES DATE : 28.02.2014 / 06.03.2014
MEETING MINUTES NUMBER : 2014/ 04 - 2014 - 08

We hereby declare the following;
a) January 1, 2013 to December 31, 2013 financial statements of our company, prepared in comparison with the previous year, footnotes thereof and January 1, 2013 to December 31, 2013 the annual activity report were reviewed by us and ;
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 uncertainities that surround the enterprise, pertaining to performance and progress of business and activity results.

CHAIRMAN Mahmut Tayfun Anık	**VICE CHAIRMAN** Hans Gunnar Staffan Hoegstedt
BOARD MEMBER Draka Holdings B.V. natural person per procuration Fabio Ignazio Romeo	**BOARD MEMBER** Ercan Karaismailoğlu
BOARD MEMBER Halil İbrahim Kongur	**BOARD MEMBER** Neslihan Tonbul
BOARD MEMBER Ali Aydın Pandır	**BOARD MEMBER** Mehmet Emin Tutan

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

Resolution No. : 2014 / 06 **Date: 28.02.2014**

DIVIDEND DISTRIBUTION PROPOSAL

As a result of discussions with respect to the "Dividend Distribuiton Proposal" to be submitted to the Ordinary General Assembly related to financial year of 2013:

It has been unanimously resolved,
- To distribute the dividend of TL7,162,752 .-, which constitutes 6.36% of the issued capital, from the net distributable profit of TL9,145,892.- remaining after deduction of the I. Statutory Reverse TL385,151.- and II. Statutory Reverse TL 155,107 which is determined in line with the generally accepted accounting principles published by Capital Market Board and recorded in the balance sheet of the company issued for the year 2012, to ourshareholders in cash, as of 16 April 2014, by taking the relevant clauses of company's articles of association and dividend distribution policy in consideration; thus distributing net TL0.054247002.- per share with a nominal value of TL 1.-, following of deduction of 15% tax to be calculated over gross TL 0.063820003,
- To introduce this figures as a proposal in the Ordinary General Assembly Meeting for the financial year 2013,

CHAIRMAN Mahmut Tayfun Anık	**VICE CHAIRMAN** Hans Gunnar Staffan Hoegstedt
BOARD MEMBER Draka Holdings B.V. natural person per procuration Fabio Ignazio Romeo	**BOARD MEMBER** Ercan Karaismailoğlu
BOARD MEMBER Halil İbrahim Kongur	**BOARD MEMBER** Neslihan Tonbul
BOARD MEMBER Ali Aydın Pandır	**BOARD MEMBER** 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 and discussion 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 01.01.2013 – 31.12.2013 and obtaining approval of the General Assembly.

4. Discussion and approval of all the financial tables, reports and accounts which are prepared pursuant to the CMB 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 01.01.2013 - 31.12.2013,

6. Discussion and approval of the appointed board members during the period and election of the directors in replacement of the Board members whose terms of office are expired, and determination of remuneration of the directors,

7. Determination of Company's Information Policy

8. Furnishing information to the General Assembly on the donations given the during the year 2013 and obtaining approval in this respect, Determining the upper limit of the donations for 2014.

9. Discussion of the amendment of article 3 of the Articles of Association according to the attached drafts approved by Capital Market Board and Ministry of Customs and Trade

10. Furnishing information to the General Assembly pursuant the CMB legislation, on the guarantees, liens and mortgages given to the third parties.

11. Approval of the Independent Auditing Company to audit the activities and accounts of 2013 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

12. Furnishing information to the General Assembly on the principles of remuneration of Board Members and senior executives and obtaining approval in this respect

13. 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:17.1 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

1**4.** 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.

15. Recommendation and Adjournment,

ANNUAL ACTIVITY REPORT

INDEPENDENT AUDITOR'S REPORT RELATED TO THE ANNUAL ACTIVITY REPORT

To the attention of:
The Board of Directors of
Türk Prysmian Kablo ve Sistemleri A.Ş.,

1. As a part of our independent auditing works, we have hereby assessed whether the financial data at the annual activity report of Türk Prysmian Kablo ve Sistemleri A.Ş. ("Company") prepared as of 31st of December 2013 and the assessments and explanations of the Board of Directors are consistent or not with the financial statements of the same date that were subjected to independent auditing.

2. The preparation of the annual activity report, being the subject of this report, as per the Regulation on the Determination of the Minimum Contents of the Annual Activity Reports of Companies is under the responsibility of the Company management.

3. As an independent auditing body, the responsibility on our part is to state our opinion concerning the consistency among the financial data mentioned at the annual activity report and the financial statements subjected to independent auditing and that comprise the subject of the independent auditor's report of March 3rd, 2014.

   Our assessment has been made in compliance to the procedures and principles related to the preparation and publication of annual activity reports enforced as per the Turkish Code of Commerce no. 6102 ("TCC"). These regulations stipulate the planning and execution of an audit to obtain a reasonable assurance as to whether there is a material error or not concerning the consistency of the financial data in the annual activity report with the financial statements subjected to independent auditing and the information gathered by the independent auditor during the audit.

   We believe that our assessments have established an adequate and reasonable basis for the formulation of our opinion.

4. According to our opinion, the financial data in the enclosed annual activity report and the assessments and explanations of the Board of Directors are consistent with the financial statements of Türk Prysmian Kablo ve Sistemleri A.Ş. of December 31st 2013 that were subjected to independent auditing.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Özkan Yıldırım,
Independent Accountant & Financial Advisor (IAFA)
Responsible Auditor

Istanbul, 6th of March, 2014

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board Managers of
Türk Prysmian Kablo ve Sistemleri Anonim Şirketi

The attached consolidated balance sheet prepared as of 31 December 2013 and the consolidated profits/losses and other comprehensive income statement for the year ended at the aforementioned date, consolidated statement of changes in equity, consolidated cash flow statement as well as the summary of summary of important accounting policies and other explanatory footnotes for Türk Prysmian Kablo ve Sistemleri Anonim Şirketi ("Company") and subsidiaries (hereinafter referred collectively as "Group") have been audited.

Group Administration's Responsibility for Financial Statements

The Group administration is responsible for ensuring that these consolidated financial statements are prepared in accordance with the Turkish Accounting Standards ("TMS") published by Public Oversight Accounting and Auditing Standards Authority ("KGK") as well as presentation of such statements the facts accurately and providing the internal checks deemed necessary by the administration to ensure such statements are free of significant faults born out of fraud or errors.

Independent Auditing Firm's Responsibility

Our responsibility is to provide our opinion on the consolidated financial statements on the basis of independent audit. The independent audit was carried out in compliance with the independent audit standards published by the Capital Market Board, which require observing ethical principles and carrying out the independent audit by planning to provide a reasonable assurance of whether the financial statements correctly and accurately reflect the facts.

The independent audit involves the implementation of independent audit methods to gather evidence of independent audit regarding the amounts and footnotes in consolidated financial statements. The selection of independent audit methods involves the risk assessment on whether the consolidated financial statements, in our professional opinion, are free of major errors, including any errors stemming from faults and/or fraud and malpractice. The risk assessment takes the internal control systems of the enterprise into consideration. However, our objective is NOTE to provide opinion on the internal control system activity, but to demonstrate the relation of consolidated financial statements prepared by the Group administration to the internal control system, in order to design the independent audit methods appropriate to the conditions. The independent audit also involves the compliance assessment of the presentation of accounting policies adopted by the Group administration and the overall financial statements.

We believe the proof of independent audit provided in our independent audit constitutes a sufficient and appropriate basis for our professional opinion.

Opinion

In our professional opinion, the attached consolidated statements correctly and accurately reflect the financial status of Türk Prysmian Kablo ve Sistemleri Anonim Şirketi and subsidiaries as of 31 December 2013 as well as the financial performance and cash flows for the year ended on the aforementioned date, within the framework of TMS (see NOTE 2).

Reports on the Independent Auditor's Liabilities Born out of Other Relevant Legislations

As per the Article 402 of the Turkish Commercial Code ("TTK"); the Board of Managers provided the necessary explanation to the auditors within the scope of audit, and no significant issues were found in the set of accounts for the accounting period from 1 January to 31 December 2013 as well as compliance to the relevant provisions on financial reporting in the law and the articles of association.

As per the Article 378 of the Turkish Commercial Code, the companies with publicly traded common stocks shall establish a committee of experts and develop and maintain a system to identify possible risks to the company's existence, development and maintenance, to take necessary measures and implement remedies and manage risks. In accordance with the paragraph 4 of Article 398 in the aforementioned law, auditor shall issue a separate report on the basis stipulated by KGK to indicate whether the board of managers established the system and the authorized committee, provided in Article 378, to identify and manage the risks that will or may threaten the company as well as explanations on the committee's practices, if such system has been established, which shall be presented to the board of managers along with the audit report. Our audit does NOTE involve the assessment of operational efficiency and adequacy of the activities carried out by the Group Administration to manage such risks. No statement has been provided by KGK on the principles of this report as of the date of balance sheet. A separate report on this matter has been prepared accordingly. However, the Group established the committee in question on 28 January 2013, which consists of two members. The Committee presented the reports to the Board of Managers regarding the identification of risks on the Group's existence, the necessary measures implemented on this regard and risk management for the period from the establishment of the Committee to the date of report.

Miscellaneous

The independent audit on the financial statements of the Group for the period ended on 31 December 2012 has been carried out by another independent auditing firm. The previous independent auditing firm Notified in their independent audit report dated 15 February 2013 that, in their professional opinion, the financial statements for the period ended on 31 December 2012 are free of any issues to indicate faulty or fraudulent reflection on the Group's financial position, the financial performance and cash flows for the relevant year within the framework of the financial reporting standards published by the Capital Market Board.

Özkan Yıldırım, SMMM
Cap Auditor

Istanbul, 28 February 2014

FINANCIAL STATEMENTS

TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş.
AND SUBSIDIARIES
INDEPENDENT AUDITED CONSOLIDATED BALANCE SHEET DATED 31 DECEMBER, 2013

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

	Footnote Referenecs	Current Term December 31, 2013	Reorganized Past Term December 31, 2012
ASSETS			
Floating Assets		**543,149,068**	**372,471,901**
Cash and Cash Equivalents	28	172,260,139	118,790,338
Trade Receivables		202,859,132	164,056,466
Trade Receivables from Affiliates	3	9,303,635	13,297,273
Trade Receivables from Non-Affiliates	4	193,555,497	150,759,193
Construction Contracts	17	35,334,285	83,649
Other Receivable	5	794,361	618,641
Derivatives	23	11,852,610	-
Stocks	6	79,245,135	65,172,145
Prepaid Expenses	7	7,386,903	2,308,789
Assets Associated with Current Term Tax	21	1,611,136	813,405
Other Floating Assets	14	31,805,367	20,628,468
Fixed Assets		**46,491,490**	**51,541,587**
Tangible Assets	8	45,136,731	47,675,842
Intangible Assets	9	41,921	-
Prepaid Expenses	7	9,288	16,967
Deferred Tax Assets	21	1,303,550	3,848,778
TOTAL ASSETS		**589,640,558**	**424,013,488**
RESOURCES			
Short Term Liabilities		**405,900,036**	**238,472,336**
Trade Payables		379,591,263	204,003,090
Trade Payables to Affiliates	3	37,751,370	7,559,577
Trade Payables to Non-Affiliates	4	341,839,893	196,443,513
Other Payables	5	955,249	863,909
Derivatives	23	2,700,733	2,307,468
Term Profit Tax Liability	21	-	1,552,682
Short Term Provisions		19,999,542	15,725,025
Short Term Provisions for Employee Benefits	12	4,251,420	-
Other Short Term Provisions	10	15,748,122	15,725,025
Short Term Liabilities	14	2,653,249	14,020,162
Long Term Liabilities		**48,228,750**	**52,251,474**
Long Term Provisions for Employee Benefits	12	8,527,790	12,804,300
Deferred Incomes	7	38,205,699	36,795,401
Other Long Term Provisions	10	1,495,261	2,651,773
EQUITIES		**135,511,772**	**133,289,678**
		135,511,772	133,289,678
Paid Capital	15	112,233,652	112,233,652
Reserves on Retained Earnings	15	6,860,066	6,297,081
Profits from Previous Years		7,272,162	7,055,362
Net Term Profit		9,145,892	7,703,583
TOTAL RESOURCES		**589,640,558**	**424,013,488**

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 2013

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

	Footnote References	Current Term January 1 - December 31, 2013	Reorganized Past Term January 1 - December 31, 2012
INCOME/PROFIT SECTION			
Revenues	16	822,448,217	674,296,709
Cost of Sales (-)	16	(734,286,769)	(592,153,846)
GROSS PROFIT		**88,161,448**	**82,142,863**
Overhead Expenses (-)	18	(28,888,629)	(26,990,480)
Marketing Expenses (-)	18	(43,666,964)	(40,283,665)
Research and Development Expenses (-)	18	(1,494,674)	(1,298,801)
Other Real Operating Income	19	93,696,269	29,862,439
Other Real Operating Expenses (-)	19	(96,170,530)	(31,230,891)
REAL OPERATING PROFIT		**11,636,920**	**12,201,465**
Tax Expense/Income		**(2,491,028)**	**(4,497,882)**
Tax Expense for the Term (-)	21	-	(5,659,564)
Deferred Tax (Expense)/Income	21	(2,491,028)	1,161,682
TERM PROFIT		**9,145,892**	**7,703,583**
Other Comprehensive Income /(Expense)		**216,800**	**(636,800)**
Actuarial profit/(loss) from Retirement Plans	21	271,000	(796,000)
Deferred tax (expense)/income for Other comprehensive income	21	(54,200)	159,200
TOTAL COMPREHENSIVE INCOME AFTER TAX		**9,362,692**	**7,066,783**
Profit Per Share	**22**	**0.081**	**0,069**

Attached footnotes are integral parts of this consolidated financial statement.

TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş.
AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT AUDITED INDEPENDENTLY FOR THE TERM FROM 1 JANUARY TO 31 DECEMBER 2013

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

			Reserves on Retained Earnings		Retained Earnings		
	Note	Paid Capital	Legal Reserves	Other Reserves	Profits For Previous Years	Net Term Profit	Total Equities
Balance as of 1 January 2012		**112,233,652**	**2,677,497**	**2,978,592**	**7,489,353**	**3,530,373**	**128,909,467**
Transfers	15	-	640,992	-	202,809	(843,801)	-
Dividends	15	-	-	-	-	(2,686,572)	(2,686,572)
Actuarial losses from retirement plans	20	-	-	-	(636,800)	-	(636,800)
Net term profit		-	-	-	-	7,703,583	7,703,583
Total comprehensive income		-	-	-	(636,800)	7,703,583	7,066,783
Balance as of 31 December 2012		**112,233,652**	**3,318,489**	**2,978,592**	**7,055,362**	**7,703,583**	**133,289,678**
Balance as of 1 January 2013		**112,233,652**	**3,318,489**	**2,978,592**	**7,055,362**	**7,703,583**	**133,289,678**
Transfers	15	-	562,985	-	-	(562,985)	-
Dividends	15	-	-	-	-	(7,140,598)	(7,140,598)
Actuarial profits from retirement plans	20	-	-	-	216,800	-	216,800
Net term profit		-	-	-	-	9,145,892	9,145,892
Total comprehensive income		-	-	-	216,800	9,145,892	9,362,692
Balance as of 31 December 2013		**112,233,652**	**3,881,474**	**2,978,592**	**7,272,162**	**9,145,892**	**135,511,772**

Attached footnotes are integral parts of this consolidated financial statement.

TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş.
AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT AUDITED INDEPENDENTLY FOR THE TERM FROM 1 JANUARY TO 31 DECEMBER 2013

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

	Footnote References	Current Term January 1 - December 31, 2013	Reorganized Past Term January 1 - December 31, 2012
A. Cash Flor Attained from Operations			
Net Profit before Tax		**11,636,920**	**12,201,465**
Corrections:			
- Corrections for Amortization and Redemption Costs	8-9	5,705,663	5,364,626
- Corrections for Doubtful Receivable Expense	4	4,206,341	(1,748,344)
- Corrections for Devaluation/Cancellation	6	(62,605)	858,601
- Corrections for Provisions	10	(765,614)	316,532
- Corrections for Interest Incomes and Expenses	19	(2,301,753)	(2,742,046)
- Corrections for Seniority Indemnity Provision	12	979,070	1,044,000
- Corrections for Premiums/Unused Leaves	12	(3,220,240)	3,209,672
- Corrections for Losses/Profits Associated with Disposal of Fixed Assets		(116,769)	(242,497)
- Corrections for Rediscount Expense	19	743,014	(461,811)
Net cash attanied before changes in the business capital		**16,804,027**	**17,800,198**
- Corrections for Increased/Decreased Stocks	6	(14,010,385)	17,317,594
- Corrections for Increased Trade Receivables	4	(43,778,179)	(15,680,591)
- Corrections for Other Receivables related to Operations		(17,166,584)	(5,627,332)
- Increase in Progress Payments of Ongoing Contrcution Contracts	17	(35,250,636)	(2,476,052)
- Corrections of Increased/Decreased Trade Receivables	4	175,614,331	(15,920,115)
- Corrections for Other Receivables related to Operations		(6,035,857)	39,835,065
Changes in business capital		**59,372,690**	**17,448,569**
Changes in Derivatives	23	(11,459,345)	7,844,184
Tax Payments	21	(1,552,682)	(4,743,693)
Seniority Indemnity Payments	12	(1,764,340)	(1,222,417)
Cash Flows Attained from Operations		**61,400,350**	**37,126,841**
B. Cash Flows from Investments			
Cash Outflows for the Purchase of Tangible and Intangible Assets	8-9	(3,208,627)	(5,703,992)
Cash Inflows from the Sales of Tangible Assets		116,923	283,862
Net Cash Used in Investments		**(3,091,704)**	**(5,420,130)**
C. Cash Flows from Financing Operations			
Dividinds Paid	15	(7,140,598)	(2,686,572)
Interest Received	19	2,923,591	3,479,718
Interest Paid	19	(640,851)	(867,464)
Net Cash Used in Financing Operations		**(4,857,858)**	**(74,318)**
NET INCREMENT OF CASH EQUIVALENTS		**53,450,788**	**31,632,393**
TERM OPENING CASH AND CASH EQUIVALENTS		**118,605,149**	**86,972,756**
TERM END CASH AND CASH EQUIVALENTS	**28**	**172,055,937**	**118,605,149**

Attached footnotes are integral parts of this consolidated financial statement.

FOOTNOTES

TÜRK PRYSMİAN KABLO VE SİSTEMLERİ A.Ş.
AND SUBSIDIARIES
FOOTNOTES FOR CONSOLIDATED FINANCIAL STATEMENTS AUDITED INDEPENDENTLY AS OF 31 DECEMBER 2013
[All amounts are indicated in Turkish Liras (TL)]

1. GROUP ORGANIZATION AND AREA OF ACTIVITY

Established and operating under the laws of Turkey, Türk Prysmian Kablo ve Sistemleri A.Ş.'s ("Company") area of activity is the manufacturing, export, import and trading of all kinds of cables, conductors, machines, apparatuses, tools and equipment as well as their spare parts and accessories. The Company was established on 1964 and currently operates under the status of joint-stock company under the parent company Prysmian (Dutch) Holdings B.V. (83,75%).

The Company's subsidiary was established in 2013 under the name of Türk Prysmian - Prysmian Powerlink Ordinary Partnership in line with the opinion of Revenue Administration regarding the taxation of the work within the scope of DB.KAB.7 Lapseki - Sütlüce 380kV Submarine Cable Project. The ordinary partnership serves the sole purpose of taxation of the project and Türk Prysmian Kablo ve Sistemleri A.Ş. holds and Prysmian Powerlink S.r.l. hold 99,99% and 0,01% share distribution respectively.

The Group is publicly traded and operates in a single business line (cable manufacturing and sales) in one geographical region. The Group's product range includes all power cables up to 220 kVolt, up to 3.600 couples of copper conductive communication cables and fiber optic cables. The Group's factory is located in Mudanya, Bursa, including a thermal, mechanical, chemical and electrical scientific research and testing laboratory with high level technology and TSE qualification.

The Group's registered address is Ömerbey Mahallesi, Bursa Asfaltı Caddesi, No:51, 16941, Mudanya, Bursa, with an Istanbul branch registered on 20 December 2012 at Ömer Avni Mah. İnebolu Sok. Haktan İş Merkezi No:39 K:2 Setüstü Kabataş Beyoğlu Istanbul. The Group employs on average 439 personnel in a year as of 31 December 2013 (31 December 2012: 422).

The Group's shares are traded in Borsa İstanbul A.Ş since 1986.

Below are the details for the Company's subsidiary:

Subsidiary	Exchange Traded	Type of Activity	Main Activity
Türk Prysmain-Prysmian Powerlink Ordinary Partnership	-	Sales	Sales of power cables

Approval of consolidated financial statements:

Consolidated financial statements have been approved by the Board of Managers and authorized for publication on 28 February 2014. The General Board is authorized to modify the financial statements.

2. PRINCILPES FOR THE PRESENTATION OF CONSILIDATED FINANCIAL STATEMENTS

2.1 Main Principles of Presentation

Statement of Compliance to TMS

The Company and the subsidiary established in Turkey maintain and prepare their legal books and legal financial statements in accordance with the accounting principles stipulated in the Turkish Commercial Code ("TTK") and tax legislation.

The attached financial statements have been prepared in compliance with the provisions in the "Communique on the Principles of Financial Reporting in the Capital Market" Series II, Numbered 14.1 published in the Official Gazette dated 13 June 2013 numbered 28676 by the Capital Market Board ("SPK"), based on the Turkish Accounting Standards and relevant appendices and comments ("TMS") enacted by the Public Oversight Accounting and Auditing Standards Authority in reference to Article 5 of the Communique.

Furthermore, the consolidated statements and footnotes have been presented in compliance with the format described by the SPK's announcement dated 7 June 2013.

The consolidated financial statements are prepared on the basis of historical costs, excluding the reassessment of derivative financial instruments. The historical cost is typically determined on the basis of the actual value of amounts paid for assets.

Currency Used

The financial statements of each business within the Group are presented in the currency applicable to the respective fundamental financial environment (functional currency). The financial status and operational results for each business are indicated in TL, which is the applicable currency for the Group and the consolidated financial statements.

Rectification of Financial Statements in High Inflation Periods

As per the decree of SPK dated 17 March 2005 numbered 11/367, the inflation accounting practice has been abolished as of 1 January 2005 for the companies operating in Turkey and preparing financial statements in line with Turkish Accounting Standards. In accordance, the Standard for "Financial Reporting in High Inflation Economies" ("TMS 29") numbered 29 has been enacted as of 1 January 2005.

Comparative Information and Rectification of Financial Statements for Previous Terms

The Group's financial statements are prepared by comparing to the previous term to enable identifying financial status and performance trends. The comparative information shall, as needed, be classified and outstanding variations explained to ensure compliance in the presentation of financial statements for the current term. The Group has classified some of the information on the financial statements for the previous term to ensure compliance with the format announced by SPK on 7 June 20013 for the current term. The type, reason and amounts of classifications have been explained below:

The TL2,308,789 out of the TL22,937,259, indicated within the "Other Current Assets" has been included in the Prepaid Expenses item.

The amount of TL830,371 indicated as "Other Non-Current Assets", has been designated as Assets for Current Term Taxation in the amount of TL830,371 and Prepaid Expenses in the amount of TL16,967 as of 31 December 2012.

The amount of TL29,745,187 indicated "Short Term Liabilities" has been designated as Short Term Provisions in the amount of TL15,725,025 and Other Short Term Provisions in the amount of TL14,020,162 as of 31 December 2012.

As of the term from 1 January to 31 December 2012, the amount of TL3,127,846 included in the "Sales Expenses" has been designated as the Other Real Operating Incomes.

As of the term from 1 January to 31 December 2012, the amount of TL25,374,108 included in the "Financial Incomes", has been designated as Other Real Operating Incomes.

As of the term from 1 January to 31 December 2012, the amount of TL27,991,539 included in the "Financial Costs", has been designated as Other Real Operating Costs.

Principles of Consolidation

Below are the details for the Company's subsidiary as of 31 December 2013 and 2012:

			The Group's capital and voting rights in the share rate ratio (%)	
Subsidiaries	**Main Activity**	**Establishment and operation location**	**December 31, 2013**	**December 31, 2012**
Türk Prysmain-Prysmian Powerlink Ordinary Partnership	Power cables	Bursa	99,99	-

The consolidated financial statements include the financial statements of the Company and its subsidiary. The Company provides the following conditions for controlling purposes:

- The Company has power over the invested company;
- The is open or entitled to the variable returns gained from the invested company; and
- The Company is able to exercise power to influence returns.

In the event of any situation or event that may impact at least one of the criteria listed above, the Company's power over the investment shall be reassessed.

In the event that the Company holds the majority of votes of the invested company, wherein the company holds the votes to solely direct/manage the investment activities, the Company is deemed to have power over the invested company. While assessing whether the majority votes in the relevant investment is sufficient to assess the Company's power of control, the Group shall take all the issues and conditions into consideration, including the matters below:

- Comparison of the votes held by the Company and the votes held by other shareholders;
- Potential voting rights of the Company and the other shareholders;
- Rights gained from other agreements under contracts; and
- Other events and conditions indicating whether the Company maintains its current power in managing the relevant operations (including the voting in previous general board meetings) in matters requiring board decision.

A subsidiary is included in the scope of consolidation when the Group achieves control over the subsidiary and excluded from the scope of consolidation when such control is lost. The consolidated profits/losses and other comprehensive income statements of subsidiaries acquired or disposed within the year shall be included in the consolidated accounts for the period from the date of acquisition to the date of disposal.

Each item in the profits/losses and other comprehensive income are owned by the shareholders parent company and the shares without power of control. Even if the shares without power of control result in red balance, the total comprehensive income of the subsidiary shall be transferred to the parent company shareholders and the shares without power of control.

All assets and liabilities, equities, income and expenses within the group as well as cash flows for the transactions between the Group companies are eliminated via consolidation.

2.2 Changes in Accounting Policies

Important changes in the accounting policies are implemented retroactively to reorganize the financial statements for the previous terms.

2.3 Changes and Errors in Accounting Estimates

If any changes in the accounting estimates relate to a single term, such changes are applied to the respective current term; if such changes relate to future terms as well, they shall be applied to the relevant term as well as any future terms proactively. No significant changes took place in the Group's accounting estimates for the current year.

2.4 New and Revised Turkish Financial Reporting Standards

(a) Changes in TFRSs impacting the amounts reported in financial statements and the footnotes

The changes in the TFRSs were applied to the current term and impacted the amounts reported in the consolidated financial statements.

TMS 1 (Amendments) *Presentation of Other Comprehensive Income Items*

TMS 1 (Amendments) *Presentation of Other Comprehensive Income Items* shall take effect on 1 July 2012 or the subsequent financial terms. The comprehensive income table and the income table are re-defined by these changes. As per the changes in TMS 1, the expressions 'comprehensive income statement', 'profit/loss and other comprehensive income statement' and 'income statement' have been changed to 'profit/loss statement''. As per the changes in TMS 1, the explanations that allow the presentation of profit/loss and other comprehensive income statements in a single statement or two subsequent statements remained unchanged. However, as per the changes in TMS 1, the other comprehensive income items are divided into two groups: (a) items that cannot be reclassified as profits or losses; and (b) items that can be reclassified as profits or losses at a later time under certain conditions. The taxes on the other comprehensive income items shall allocated in the same way and the explanations on the presentation of other comprehensive income items before and after tax deduction remained unchanged in the aforementioned changes. These changes have been implemented retrospectively. The presentation of other comprehensive income items has been rearranged to reflect the changes required by the standards. The implementation of the changes in TMS 1 have no impact on the profits/losses, other comprehensive income and total comprehensive income other than the aforementioned changes in presentation.

(b) Standards in force as of 2013 with no impact on the Group's financial statements, changes in the existing standards and comments

Consolidation, joint agreements, participations and new and revised standards for the presentation of the foregoing

IN May 2011, five standards on consolidation, joint agreements, participations and the presentation of the foregoing have been published, which are TFRS 10, TFRS 11, TFRS 12, TMS 27 (2011) and TMS 28 (2011).

Below are the significant changes brought by these five standards:

TFRS 10 standard succeeded the section on consolidated financial statements in TMS 27 *Consolidated and Financial Statements*. The publication of TFRS 10 also superseded the interpretation of SIC-12 *Consolidation – Special-Purpose Businesses*. TFRS 10 provides one basis for consolidation, which is control. Furthermore, TFRS 10 re-defines control to involve three factors: (a) having power over the invested company (b) attaining or having rights over variable returns due to the association with the invested business (c) having the option to exercise power over the invested business to influence the amount of returns received. An implementation guide is attached to TFRS 10 to examine various examples.

TFRS 11 succeeded the TMS 31 *Shares in Business Partnership* standard. TFRS 11 explains the classification of joint agreements with two or more parties having joint control. The publication of TFRS 11also superseded the UFRYK 13 *Jointly Controlled Businesses - Non-Monetary Participations of Joint Venturers*. Within the scope of TFRS 11, the joint ventures are classified as joint activity or business partnership, based on the rights and obligations of the parties in the agreement. However, there are three types of joint agreements within the scope of TMS 31: jointly controlled businesses, jointly controlled assets, jointly controlled activities. In addition, the business partnerships within the scope of TFRS 11 must be recognized using equity method, while the jointly controlled partnerships within the scope of TMS 31 can be recognized using either the equity method or the proportionate consolidation method.

TFRS 12 standard relates to the presentation of footnotes and applies to companies having subsidiaries, joint agreements, participations and/or non-consolidated structured companies. In general, the footnote explanations required by TFRS 12 are much more comprehensive than the standards currently in effect.

The changes in TFRS 10, 11 and 12 have been published on June 2012 to explain some of the transitional rules to apply during the initial implementation of these standards.

TFRS 13 *Fair Value Measurements*

TFRS 13 shall serve as the sole source as a guideline for the fair value measurement and relevant footnotes. The standard defines the fair value, outlines the framework for fair value measurement and defines the required explanations for fair value calculations. TFRS 13's scope is wide and applies to financial items as well as non-financial items that are permitted or required in TFRS to be measured with fair value. In general, the explanations required for fair value calculations in TFRS 13 are more comprehensive than the current standards.

For example, the qualitative and quantitative explanations, based on the three-level fair value hierarchy currently required for financial instruments only as an explanatory requirement of the TFRS 7 *Financial Instruments: Explanations*, are rendered mandatory for all assets and liabilities within the scope of TFRS 13.

TMS 1 (Amendments) *Presentation of Financial Statements*

(As part of the *Annual Improvements 2009-2011 Term* Published on May 2012)

The changes in TMS 1, published as part of the *Annual Improvements 2009-2011 Term* on May 2012, shall come into force for the financial terms on and after 1 January 2013.

As per the TMS 1 standard, a business rendering retrospective changes in the accounting policy or reorganizing or reclassifying financial statements must also present the financial status statement for the initial period of the previous term (a third financial status statement). As per the changes in the TMS 1, the business must only present the third financial status statement if the retrospective work, reorganization or reclassification significantly impact the information comprising the financial status statement and the presentation of relevant footnotes with the financial status statement is not mandatory.

TMS 19 *Employee Benefits*

The changes in TMS 19 also modify the accounting for the defined benefit plans and severance pay. The most important change relates to the defined benefit obligations and recognition of plan assets. The changes require the changes in the defined benefit obligations and real value changes in plan assets to be recorded, thus abolishing the "corridor method" permitted in the TMS 19's previous version and accelerating the recording of past service cost. The changes require all actuarial losses and profits to be immediately recognized as other comprehensive income to ensure that the net pension assets or liabilities in the consolidated balance sheets accurately reflect the exact amount of deficient or surplus amounts in the plan. In addition, the estimated returns on plan assets and net benefit obligation defined instead of interest costs of plan assets, explained in the previous version of TMS 19, have been replaced by a 'net interest' amount calculated by the rate of discount applied to defined net benefit liability or asset. The changes in TMS 19 must be implemented retrospectively. Therefore, the Group administration implemented the changes in TMS 19 to the consolidated financial statements dated 31 December 2012.

TFRS 7 (Amendments) *Netting Financial Assets and Financial Liabilities and Relevant Explanations*

As per the changes in TFRS 7, the businesses must provide explanation for the information (for example; provisions on assurance) on main netting contracts in force or the netting rights on financial instruments within the scope of a similar contract as well as the relevant contracts.

***Annual Improvements 2009-2011 Term* Published on May 2012**

- TMS 16 (Amendments) *Tangible Assets*;
- TMS 32 (Amendments) *Financial Instruments*
- TMS 34 (Amendments) Interim Financial Reporting

TMS 16 (Amendments)

The changes in TMS 16 clarify that the spare parts, hardware and service hardware falling within the definition of tangible assets as per the TMS 16 must be classified as tangible assets. Otherwise, such assets must be classified as stocks. The changes in TMS 16 did not have any significant effect on the amounts reported in the consolidated financial statements.

TMS 32 (Amendments)

The changes in TMS 32 indicate that the income tax relating to the allocations to equity instrument holders and equity transaction costs must be recognized as per the TMS 12 *Income Tax* standard. The changes in TMS 32 did not have any significant effect on the amounts reported in the consolidated financial statements.

TMS 34 (Amendments)

The changes in TMS 34 indicate that the total assets and liabilities relating to a certain, reportable section must be presented regularly to the decision-making body for operations of the business as amounts for such total assets or liabilities (or both) and must be explained in footnotes only in the event of significant changes in such amounts in the latest financial statements. The changes in TMS 34 did not have any effect on the amounts reported in the consolidated financial statements.

TFRS Comment 20 ***Cost of Earthmoving (Stripping) in Progress in Surface Mining Businesses***

TFRS Comment 20 *Cost of Earthmoving (Stripping) in Progress in Surface Mining Businesses* includes explanations applicable to the waste disposal costs (cost of earthmoving (stripping) in progress) in relation to surface mining activities. In accordance with the concerned comment, the costs for the disposal activity (stripping) allowing access to the mine shall be recognized as fixed assets (assets relating to stripping), provided certain rules are observed. The costs relating to ongoing, ordinary stripping operations shall be recognized as per the TMS 2 *Stocks*. The assets relating to the stripping operation shall be recognized as the improvement or supplementation of an existing asset and classified as tangible asset or intangible asset, depending on the qualities of the section comprised of the existing asset.

TFRS Comment 20 shall apply to the financial terms beginning on 1 January 2013 or afterwards. Special transitional provisions apply to businesses implementing TFRS Comment 20 for the first time. However, the explanations in TFRS Comment 20 shall apply to earthmoving (stripping) costs in progress incurred at the earliest date of presentation or afterwards. TFRS Comment 20 did not affect the consolidated financial statements as no such operations are carried out.

(c) Changes and comments on the existing standards in the standards currently pending enactment

The Group has not yet implemented the following changes and comments stipulated in the following standards pending enactment for the existing standards:

TFRS 9	Financial Instruments
TFRS 9 and TFRS 7 (Amendments)	Mandatory Effective Date for TFRS 9 and Transitional Explanations
TMS 32 (Amendments)	Netting of Financial Assets and Financial Liabilities *
TFRS 10, 11, TMS 27 (Amendments)	Investment Companies *
TMS 36 (Amendments)	Explanations on Amounts Recoverable for Non-Financial Assets *
TMS 39 (Amendments)	Renewal of Derivatives and Continuity of Hedge Accounting *
TFRS Comment 21	Fees and Taxes *

* Effective for the financial term starting on 1 January 2014 and afterwards.

TFRS 9 ***Financial Instruments***

The TFRS 9 published on November 2009, provides new obligations for the classification and measurement of financial assets. The TFRS 9, amended on October 2010, includes amendments on the classification and measurement and deletion from records of financial liabilities.

TFRS 9 and TFRS 7 (Amendments) ***TFRS 9 and Mandatory Effective Date for Transitional Explanations***

The mandatory effective date of TFRS 9 has been delayed on November 2013 to a date no sooner than 1 January 2017. The amendment has not yet been published by KGK.

TMS 32 (Amendments) ***Netting Financial Assets and Financial Liabilities***

The amendments in TMS 32 provide explanation on the issues in the current practice in relation to the netting of financial assets and financial liabilities. The amendments in question particularly clarify the expressions 'legally applicable right to enter into account in the current term' and 'simultaneous accrual and payment'.

TFRS 10, 11, TMS 27 (Amendments) ***Investment Companies***

Within the framework of the provisions supplemented to TFRS 10 with this amendment, the businesses defined as investment business are obliged to measure all subsidiaries by reflecting the fair value variation to the profit/loss with an exception for the presentation of consolidated financial statement.

TMS 36 (Amendments) ***Recoverable Value Explanations for Non-Financial Assets***

TFRS 13 provides certain amendments in the explanations on the measurement of recoverable amounts of assets devaluated due to "Fair Value Measurement" Standard. The amendment is limited to non-financial assets and paragraphs 130 and 134 of TMS 36 are amended.

TMS 39 (Amendments) ***Renewal of Derivatives and Continuity of Hedge Accounting***

These amendments in TMS 39 clarify that in which cases hedging instrument will not expire or terminate, thus the hedge accounting practice will not be terminated.

TFRS Comment 21 ***Fees and Taxes***

TFRS Comment 21, clarifies that, when an activity takes place requiring payment of tax and similar liabilities as defined in the legislation, the business shall conduct accounting for payables in relation to the payment of tax and similar liabilities.

2.5 Summary of Important Accounting Policies

Revenue

The revenues shall be measured on the basis of the fair value of amounts collected or amounts collectible. The estimated customer repayments, discounts and provisions shall be deduced from the amount in question.

Sales of Goods

The revenue from the sales of goods shall be accounted upon compliance with all of the conditions below:

- Group transfers important risks and gains on ownership to the purchaser,
- Group has no ongoing administrative participation associated with ownership and no active control over the sold goods,
- Revenue amount is measured reliably,
- Economic benefits of the transaction are likely to be transferred to the business, and
- Costs resulting from the transaction are measured reliably.

Interest Income

The interest income attained from financial assets shall be recorded, provided the Group shall attain the economic benefits and the income can be measured reliably. The interest income shall be accrued in the relevant term on the rate of the effective interest rate reducing the estimated cash inflows from the relevant financial asset to the book value of the asset for the remaining capital balance in the expected maturity.

Stocks

Stocks are valuated with the cost or the net realizable value, whichever is lower. The production cost system refers to process costing and the first in first out (FIFO) cost method is implemented, excluding the precious (noble) metal stocks (copper, aluminum). Precious metal stocks are valuated using the weighted average cost method. The finished and semi-finished product cost includes the direct labor costs, other direct expenses and relevant general production costs, but does not include the borrowing costs. The net realizable value is attained by deducing the total estimated costs required for the estimated completion cost and estimated costs required for completing the sales from the estimated sales price in the ordinary trade operations. If the net realizable value of stocks drops below the respective cost, the stocks shall be reduced to net realizable value and designated as expense on the income statement for the year of value drop. In the event it is proven that the conditions reducing the stocks to net realizable value no longer apply or the net realizable value increased due to changes in economic conditions, the provision reserved for value drop shall be cancelled. The cancelled amount shall be limited to the amount of value drop reserved beforehand.

Tangible Assets

Tangible assets are indicated with the net value after deducing the accumulated amortization of acquiring cost

Costing method

The tangible assets are indicated with the amount after deducing the amortization accumulated in costs and accumulated depreciations. Land and plots shall not be subject to amortization and shall be indicated with the amount after deducing accumulated depreciation of cost values.

The cost amounts for tangible assets, other than land and ongoing investments, shall be subject to amortization on the basis of expected useful life using the linear amortization method. The expected useful life, residual value and amortization method shall be revised annually for possible impact of changes and any changes in the estimates shall be accounted proactively.

A tangible asset shall be dismissed from the balance sheet if the asset is disposed or no financial benefit is expected from its use or sale in the future. The profits or losses attained by disposing or commissioning a tangible asset shall be designated as the difference between sales revenues and book value and shall be included in the income statement.

Intangible Assets

Purchased intangible assets

The purchased intangible assets with limited life shall be indicated as the amount after deducing the accumulated redemption and accumulated depreciation. Such assets shall be redeemed using the linear amortization method on the basis of their expected useful life. The expected useful life and amortization methods shall be revised annually to determinate variations in estimates and such variations in the estimates shall be accounted proactively. The purchased intangible assets with unlimited life shall be indicated with the amount after deducing the accumulated depreciations from the cost values.

Depreciation of Intangible Assets Excluding Tangible Assets and Goodwill

The Group examines the book values of tangible and intangible assets on each reporting date to identify any depreciation. In the event of depreciation of assets, the recoverable value, if any, of assets is measured to determine the amount of depreciation. In the event that the recoverable value of an asset cannot be measured, the Group measures the recoverable value for the unit associated with the asset generating cash. If a reasonable and consistent basis for allocation is determined, the company is allocated to the units generating cash. If this is not possible, the Group is allocated to the smallest unit generating cash in order to determine a reasonable and consistent basis for allocation.

The intangible assets with unlimited economic life and non-disposable assets shall be subject to depreciation test at least once a year or in the event of any indication of depreciation. The recoverable amount is the fair value after deducing sales costs or the usage value (whichever is higher) of the asset or the unit generating cash. The usage value is the current value of cash flows expected to be attained in the future from the asset or unit generating cash. For the purpose of calculating the usage value, the usage value of cash in the market assessment for the current term and the rate of discount before tax reflecting the risks specific to the asset without taking the future cash flow estimates into consideration.

In the event that the recoverable amount of the asset (or unit generating cash) is lower than the book value, the book value of the asset (or unit generating cash) shall be reduced to the recoverable amount. The depreciation shall be accounted within the direct profits/losses, unless asset in question is measured with a re-valuated amount. In such cases, the re-valuation shall be considered as depreciation.

In the event that the depreciation loss is cancelled in the subsequent terms, the book value of the asset (or unit generating cash) shall be increased to equal the estimated amount updated for the recoverable amount. The increased value shall not exceed the achieved book value, unless the provision is reserved for depreciation loss in the previous terms for the asset (or unit generating cash). The cancellation of depreciation shall be indicated within the direct profits/losses, unless the asset is indicated with a re-valuated amount. The cancellation of depreciation loss for a re-valuated asset shall be considered as re-valuation increment.

Cost of Borrowing

For the assets requiring a significant amount of time to render ready for use and sales (qualifying asset), the borrowing costs directly associated with purchasing, manufacturing or production of the asset shall be included in the asset's cost until the asset is rendered ready for use or sales. The financial investment income, attained from the valuation through financial investments using the unspent portion of the amounts borrowed for investments, shall be deduced from the cost of borrowing suitable for activation. All other cost of borrowing shall be recorded in the income statement for the term of accrual.

Financial Instruments

Financial Assets

Financial assets, excluding those classified as financial assets with fair value reflected on profits or losses and recorded with fair value, shall be accounted with the total amount of expenses directly associated with the purchasing transaction through the fair market value of the asset. As a result of the purchasing or sales of financial assets under a contract requiring the delivery of investment instruments in line with the period determined in the relevant market, the relevant assets shall be recorded or dismissed from the records on the transaction date.

The financial assets are classified as "financial assets with fair value reflected on profits or losses", "investments to be held until maturity", "marketable financial assets" and "loans and receivables". The classification shall be determined upon initial recording, on the basis of the purpose of attaining the financial asset and the quality of the asset.

Effective interest method

The effective interest method involves valuation of debt instrument with redeemed cost and allocation of the respective interest income to the associated term. The effective interest rate is the rate reducing the estimated total cash to be collected during the expected life of financial asset or in a shorter period, if available, to the exact, current net value of the financial asset.

The incomes associated with the classified financial assets, other than the assets with fair value reflected on profits or losses, are calculated using the effective interest method.

Financial assets with fair value reflected on profits or losses

The financial assets with fair value reflected on income statement are the financial assets held for purchasing-sales purposes. A financial asset attained to be disposed in short term is classified in this category. The aforementioned financial assets constituting derivatives not designated as hedging instruments are also classified financial assets with fair value reflected on profits or losses.

Investments to be held until maturity

The debt instruments with fixed term and a fixed or specifiable payment schedule, which the Group is able and intends to hold until maturity, are classified as investments to be held until maturity. The investments to be held until maturity are recorded by deducing the depreciation amount from the redeemed cost and the incomes are calculated using the effective interest method.

Marketable financial assets

Marketable financial assets are the financial assets classified as marketable or (a) loans and receivables, (b) investments to be held until maturity or (c) non-derivative financial assets not classified as financial assets with fair value reflected on profits or losses.

The equity instruments held by the Group listed in the stock exchange and traded in active market as well as certain debt instruments are classified as marketable financial assets and indicated with fair value. The revenues and losses resulting from the variations in fair value, excluding the depreciations recorded in the income statement, profit/loss amounts incurred by the variations in exchange rate of interests and monetary assets calculated using the effective interest method, are accounted within the other comprehensive income and accumulated in the financial assets value increment fund. In the event that the investment is disposed or devaluated, the financial assets are classified in the total profits/losses statement accumulated in the value increment fund.

The dividends on the marketable equity instruments are accounted in the income statement, provided the Group's share of dividends is accrued.

The fair value of the marketable monetary assets indicated in foreign currency is determined with the respective currency and converted using the applicable exchange rate at the end of the reporting term. The profits/losses from the variation in the exchange rate accounted in the income statement are determined on the basis of the redeemed cost value of monetary asset. Other profits and losses from the variation in the exchange rate are accounted within the other comprehensive incomes.

The marketable equity instruments with no current market value in an active market and for which the fair value cannot be determined reliably, as well as the derivatives associated with such equity instruments and paid for through the sales of such assets shall be valuated by deducing from the cost value the depreciation losses determined at the end of each reporting period.

Loans and receivables

The trade and other receivables and loans with fixed and specifiable due date, which are not traded in the market, are classified in this category. Loans and receivables (trade and other receivables, balance at the bank, cash and others) are indicated by deducing the depreciation on the basis of discounted costs using the effective interest method. The interest income shall be calculated and recorded in line with the effective interest method, excluding the cases where the rediscounting effect is insignificant.

Depreciation of financial assets

The financial assets or financial asset groups with fair value reflected on profits or losses shall be assessed at each balance sheet date to determine any depreciation.

In the event that one or more events take place after the initial accounting of the financial asset and unbiased indication is present indicating the relevant financial asset underwent depreciation due to the negative effect of such event(s) on the reliably foreseeable future cash flows of the relevant financial asset or the asset group, such depreciation shall constitute the loss.

It shall be deemed an objective indication of depreciation if the fair value of the marketable equity instruments fall below the cost through significant and constant devaluation.

For the financial assets indicated with the redeemed value, the amount of devaluation is the difference between the book value and the current value calculated by discounting the expected cash flows in the future from the effective interest rate of the financial asset.

For the financial assets indicated on the value of cost, the amount of depreciation is the difference between the book value and the current value calculated by discounting the expected cash flows in the future from the current interest rates for similar financial assets. Such devaluations cannot be cancelled in the future terms.

For all financial assets, other than the trade receivables with book value reduced by using a reserve account, the depreciation is deduced directly from the recorded value of the relevant financial asset. In the event that the trade receivable cannot be collected, the amount in question shall be written off by deducing from the provisions account. The variations in the provisions account shall be accounted in the income statement.

The increases in the value of marketable equity instruments after devaluation of fair value shall be accounted directly in the equities.

For the financial assets indicated with redeemed value, if the depreciation declines in the period following loss and the decline can be associated with an event taking place after accounting such loss, the depreciation loss accounted before shall be cancelled in the income statement, provided it does not exceed the redeemed cost amount that the investment would achieve at the time the depreciation would be cancelled had the depreciation of the investment not been accounted.

The depreciation accounted within the profits/losses of the previous terms cannot be cancelled within the profits/losses for the marketable equity instruments. An increase of fair value resulting from the depreciation loss shall be accounted within the other comprehensive income and categorized under the title of provisions for revaluation of investments. The depreciation loss for the marketable debt instruments shall be cancelled within the profits/losses in the following terms, provided the depreciation of the increase in fair value of investment can be associated with an event after accounting the depreciation loss.

Cash and cash equivalents

The cash and cash equivalents items are the cash amounts, current accounts and the short-term investments with maturity of 3 months or less from the date of purchase, which can be liquidated immediately and do not bear significant risk of variations in value. The Group's cash and cash equivalents are classified within the 'Loans and Receivables' category.

Financial Liabilities

The Group's financial liabilities and equity instruments are classified according to the arrangements under contracts, on the basis of the principles of definition of a financial liability and instrument based on equity. The contract representing the Group's rights on the assets remaining after deduction of all payables is the financial instrument based on equity. Below are the accounting policies implemented for certain financial liabilities and financial instruments based on equity.

Financial liabilities are classified as financial liabilities with fair value reflected on profits or losses or other financial liabilities.

Financial liabilities with fair value reflected on profits or losses

Financial liabilities with fair value reflected on profits or losses are recorded with fair value and re-evaluated in fair value on the date of balance sheet in each reporting period. The variations in the fair value are accounted in the income statement. The net profits or losses accounted in the income statement also include the interest amounts paid for the relevant financial liability.

Other financial liabilities

Other financial liabilities, including financial, trade and other payables, are initially accounted with the fair value free of transaction costs.

Other financial liabilities are accounted with the cost value redeemed using the effective interest method along with the interest costs calculated on the basis of effective interest rate in the following terms.

The effective interest method involves calculating the redeemed costs of financial liability and distribution of the relevant interest cost to the respective term. The effective interest rate is the rate reducing the estimated total cash to be paid during the expected life of financial instrument or in a shorter period, if available, to the exact, current net value of the financial liability.

Derivative instruments and hedge accounting

The Group's operations basically expose the business to financial risks associated with variations in the exchange and interest rates. The Group uses derivative instruments (essentially foreign exchange futures) to hedge against financial risks associated with fluctuations in exchange rates stemming from certain binding commitments and estimated future transactions.

The bank loans are the most important source of risk of interest rate. The Group's policy is to convert the loans with variable interest rates to loans with fixed interest rates. The Group classifies such transactions as hedging against cash flow risk associated with interest rates. The use of derivative instruments are managed in line with the Group's policy based on the written principles on the use of derivative instruments and approved by the board of managers in compliance with the Group's risk management strategy.

The Group uses financial instruments for speculative purposes.

Derivative instruments are calculated with the fair value on the date of contract and re-calculated with fair value in the following reporting periods.

The variations in the portion of derivative instruments, designated as hedging of cash flows in the future, active on this matter are recorded directly within the equity, while the inactive portion is recorded directly in the income statement.

The Group's policy of hedging against exchange rate risks in relation to binding commitments is classifies such risk as hedging against cash flow risks. In the event that the binding commitment or hedging of an estimated future transaction against cash flow risk results in the recording of an asset or liability, the relevant asset and liabilities shall be included upon initial recording in the profits or losses relating to the derivative instruments recorded previously within the equity in the measurement of the initial amount of asset or liability. For the hedging that does not result in the recording of an asset or liability, the amounts within the equity shall be recorded within the income statement in the period that the hedged item impacts the income statement. The derivative instruments failing to provide the conditions for hedge accounting shall be recorded in the income statement in the term the variation of fair value takes place.

The hedge accounting shall be concluded upon expiration, sales or use of the hedging instrument or hedging instrument no longer provides the conditions necessary for hedge accounting. The cumulative profit or loss resulting from the hedging instrument recorded within the equity in the relevant date shall be included in the equity until the date the transaction is expected to take place. If the hedged transaction fails to take place, the cumulative net profit or loss within the equity shall be recorded within the profits/losses for the relevant term.

The implicit derivative instruments within other financial instruments or other non-financial contracts shall be defined as separate derivative instruments, unless closely associated with the risks for the relevant instruments and particularly the main contracts and the realized profits and losses accounted within the income statement for such main contracts are valuated with fair value.

Effects of Variations in Exchange Rate

The financial statements for each business within the Group are presented with the currency applicable to their fundamental economic environment (functional currency). The financial status and operational results for each business is expressed in TL, which is the applicable currency of the Group and the currency of presentation for the consolidated financial statements.

During the preparation of financial statements for each business, the transactions taking place in foreign currency (currencies other than TL) are recorded on the basis of exchange rates at the time of transaction. The foreign exchange indexed monetary assets and liabilities in the balance sheet are converted to Turkish Lira using the exchange rates applicable on the date of balance sheet. The non-monetary items monitored with fair value, if registered in foreign currency, are converted to TL on the basis of exchange rates on the date the fair value is determined. The non-monetary items in foreign currency measured as historical cost are not subject to further conversion.

Variations in the exchange rates are accounted in the profits and losses for the respective term, with the exception of the cases specified below:

- Exchange rate variations assumed as rectification items in the interest costs on payables designated with foreign currency and associated with assets under construction for future use, wherein such variations are included in the cost of such assets,

- Exchange rate variations resulting from transactions intended as hedging (please find below the accounting policies for hedging) against risks born out of foreign currencies, The assets and liabilities in the foreign currency activities of the group are indicated as TL using the exchange rates applicable on the date of balance sheet in the consolidated financial statements. The income and expense items are converted using the average exchange rates within the term, provided no significant variations in the exchange rates have taken place in the term in which the transactions took place (in case of significant variations, the exchange rates on the date of transaction are used. The resulting variation in exchange rate is accounted within the other comprehensive incomes and is accumulated as a separate component of equity.

Returns Per Share

The returns per share indicated in the consolidated income statement are determined by dividing the net profit with the weighted average number of shares available in the market throughout the year.

In Turkey, the companies may increase capital by using the "bonus shares" distributed to the shareholders out of the profits for previous years. Such "bonus shares" distributed are evaluated as issued shares in calculating the returns per share. In accordance with this, the weighted average number of shares used in these calculations has been determined by considering the retrospective effects of such share distributions.

Events After Reporting Period

The events after the reporting period include all events between the date of balance sheet and the authorization to publish the balance sheet, whether or not such events take place after the promulgation of any announcement on profits or selected financial information.

If any events take place requiring rectification after the date of balance sheet, the Group shall rectify the amounts in the financial statements accordingly.

Provisions, Contingent Assets and Liabilities

Provisions are reserved in the financial statements for existing liabilities from past events, the liability is likely to be carried out and the liability in question can be estimated reliably.

The amount reserved as provision shall be calculated to satisfy the expense necessary to carry out the liability in the most secure way on the date of the balance sheet, considering the risks and uncertainties relating to the liability. In the case that the provision is measured using the estimated cash flows necessary to provide for the existing liability, the book value of such provision is equal to the current value of cash flows in question.

In the event that the third parties are expected to provide a part or all of the economic benefit required for the payment of the provision, the amount collectible shall be accounted as asset, provided the collection of such amount is near certain and is measured reliably.

Warranties

The provisions for warranty costs are accounted on the date the relevant product is sold, in line with the most appropriate expenses estimated by the administration to provide for the Group's liabilities.

Construction Contracts

In the event that the results of construction contracts cannot be estimated reliably, the income to be attained from the contract shall be accounted in the amount of payable portion of realized contract expenses.

The contract revenue shall be accounted during the contract period, provided the results of construction contracts can be estimated reliably and the contract is likely to provide revenues. Any variations in the contracts, payment requests and incentive payments shall be included in the contract revenues in the rate accepted by the client and only if measured reliably.

If the total contract costs are likely to exceed the total contract revenues, the expected losses shall be accounted immediately as expense.

The Group uses the "percentage of completion method" to determine the appropriate amount of revenues accountable in the relevant term. The completion phase is measured against the contract costs accrued in the period until the date of balance sheet as the total percentage of costs estimated for each contract. The expenses accrued within the term in relation to a future activity within the scope of the contract are not included in the contract expenses within the completion phase. Such expenses are accounted as stocks, advances or other assets, depending on their type.

For the ongoing works under contract, the Group presents the gross receivables from clients as assets, if the amount achieved by adding the profit (deducing the loss) in the operation accounts to the accrued costs is in excess of the amount of progress payment. The progress payments made by clients and the amounts withheld as assurance on the basis of progress payments are included in the account of "trade receivables".

The Group presents the gross receivables from clients as liabilities, if the amount of progress payment is in excess of the amount achieved by adding the profit (deducing the loss) in the operation accounts to the accrued costs.

Government Incentives and Aids

Government incentives are not reflected on the financial statements, unless reasonable assurance is received that the business shall fulfill the conditions necessary to attain the incentive and the incentive shall be attained.

Government incentives shall be reflected systematically on profits and losses for the periods in which the costs to be provided for with such incentives are accounted as expenses. The government incentives, as a financing instrument, must be associated with balance sheets as unearned income and reflected systematically on the profits and losses for the economic life of the associated assets, instead of accounting in the profits and losses to clarify the expense item financed by such incentives.

The government incentives provided for previously realized expenses or losses or as urgent financing support without any future costs to the business shall be accounted in the profits and losses within the term they are rendered collectible.

The benefit of loans received from the government with interest rates below the market values shall be considered government incentives. The benefit created by low interest rate is measured as the difference between the initial book value of the loan and attained gains.

Taxes Calculated on the Basis of the Company's Earnings

Since the Turkish Tax Legislation does not permit the preparation of consolidated tax statement for the parent company and its affiliates, the tax provisions have been calculated individually for each business, as indicated in the attached consolidated financial statements.

The cost of income tax consists of the total amount of current tax and deferred tax costs.

Current tax

The tax liability for the current year is calculated on the basis of the taxable amount of the term profit. The taxable profit does not include the taxable and the tax deductible items or the non-tax deductible items for other years and is therefore different from the profits indicated on the income statement. The Group's current tax liability is calculated using the legalized or mostly legalized tax rate.

Deferred tax

Deferred tax liabilities or assets are determined by calculating on the basis of the legalized tax rates using the balance sheet method to calculate the tax effects of the provisional differences between the amounts of assets and liabilities in the financial statements and the amounts constituting the legal basis for taxation. While the deferred tax liabilities are calculated for all taxable provisional differences, the deferred tax assets comprised of deductible provisions differences are calculated if and when it is highly probable to utilize such differences by achieving taxable profits in the future. The assets and liabilities in question are not accounted if they are born out of the provisional differences, goodwill or other assets and liabilities relating transactions with no effect on the commercial or financial profits/losses included in the financial statements for the first time (excluding mergers).

Deferred tax liabilities are calculated for all taxable provisional differences associated with the investments in subsidiaries and participations and the shares in business partnerships, excluding the cases where the Group can control the elimination of provisional differences and it is not likely for such difference to be eliminated in the near future. The deferred tax assets resulting from taxable provisional differences associated with such investments and shares are calculated, provided it is highly probable to utilize such differences by attaining sufficient taxable profits in the near future and the relevant differences are likely to be eliminated in the future.

The registered value of deferred tax asset is revised as of the date of each balance sheet. The registered value of deferred tax asset is decreased in proportion to the improbability of achieving the financial profits to attain the benefits from a portion or the whole amount of such asset.

Deferred tax assets and liabilities are calculated on the basis of legalized or mostly legalized tax rates (taxation regulations) as of the date of balance sheet expected to apply to the term in which the assets shall be realized or liabilities fulfilled. The tax outcomes of methods estimated for recovering the book values or fulfilling liabilities by the Group as of the date of balance sheet are taken into consideration to calculate the deferred tax assets and liabilities.

Deferred tax assets and liabilities shall be offset if the Group is legally entitled to offset current tax assets against current tax liabilities or the assets and liabilities in question are associated with the income tax collected by the same taxation authority or the Group intends to provide payment by netting current tax assets and liabilities.

Current and deferred tax for the term

The deferred tax for the current term, other than the tax associated with the items accounted directly as receivables or payables in equity (where the deferred tax associated with the relevant items is also accounted directly in equity) or taxes resulting from the initial registration of mergers, are accounted as incomes or expenses in the income statement. For the purpose of mergers, goodwill calculations or determining the purchasing cost of the portion attained at fair value of definable assets, liabilities and conditional payables of the purchased subsidiary by the purchasing company, the tax effect shall be taken into consideration.

Employee Benefits

Seniority Indemnity:

As per the provisions of the current laws and collective labor agreements in Turkey, the seniority indemnity is provided in the case of retirement or dismissal of the employee. As per the updated TMS 19 *Employee Benefits* Standard ("TMS 19"), such payments are designated as defined pension benefit plans.

The seniority indemnity liability accounted in the balance sheet is calculated as per the current net value of the amounts of liabilities expected to accrue in the future due to the retirement of all employees and reflected on financial statements. All actuarial profits and losses calculated are accounted under the other comprehensive incomes.

Cash Flow Statement

The cash flows for the term are classified and reported on the basis of main, investment and financing operations in the cash flow statement.

The cash flows relating to investment activities indicate the cash flows attained and used by the Group in investment activities (fixed investments and financial investments).

The cash flows relating to financing activities indicate the resources used by the Group for financing activities and repayment of such resources.

This includes the liquid assets, cash, current accounts and other short-term investments with high liquidity and maturity of 3 months or less from the date of purchase, which can be liquidated immediately and do not bear significant risk of variations in value.

Capital and Dividends

Ordinary shares are classified as equities. The dividends distributed through ordinary shares are recorded by deducing from the accumulated profits in the term the decision is made to distribute dividends.

2.6 Important Accounting Assessments, Estimates and Assumptions

Critical decisions of the Group in implementing accounting policies

2.5. In the process of implementing the accounting policies indicated in the relevant note, the administration provided the following comments, which have significant effects on the amounts accounted in the consolidated financial statements (excluding the estimates below):

Percentage of Completion

The Group utilizes the percentage of completion method for accounting the construction contracts. In this method, the ratio of contract costs realized until a certain date against the total estimated cost of the contract is calculated.

Deferred Tax

The Group accounts the deferred tax assets and liabilities for provisional timing differences resulting from the differences between the legal financial statements constituting the basis for taxation and the financial statements prepared in accordance with the TMS. The Group has unused financial losses deducible from future profits and deferred tax assets consisting of other deductible provisions differences. The partially or completely recoverable amount of deferred tax assets is estimated under the current conditions. The assessment took into consideration the future profit projections, losses in current terms, the deadline to use the unused losses and other tax assets and the tax planning strategies that may be used if required. In light of such data, provisions shall be reserved for the whole or a part of the deferred tax asset if the Group's taxable profits in the future fail to offset the tax assets completely. The Group is in the process of establishment and development and it is unclear if of such deferred tax assets will be used by achieving taxable profits in the future (in the absence of consensus that the deferred tax asset can be recovered), the deferred tax asset was not recorded. If the results of future activities exceed the Group's current expectations, it may be necessary to record the unrecorded deferred tax asset.

Revenue Realization

The Group utilizes the "percentage of completion" method for the accounting of fixed price contracts rendered for project services. The percentage of completion method requires estimating the cost of services by comparing the realized services with the total service.

Fair values of derivatives and other financial instruments

The Group calculates the fair values of financial instruments without active market using market data on similar, arm's length transactions, taking the fair values of similar instruments as reference and using the reduced cash flow analyses (NOTE 23).

3. EXPLANATIONS ON AFFILIATES

83.75% of the shares in Türk Prysmian Kablo ve Sistemleri A.Ş. are held by Prysmian (Dutch) Holding B.V. Prysmian (Dutch) Holding B.V.'s shares are owned in 100% by Prysmian Cavi e Sistemi Energia S.R.L., which is owned entirely by the main holding Prysmain S.P.A.

The transactions between the Company and its subsidiary are eliminated in the consolidation and therefore are not explained in this Note.

Below is the summary of receivables from affiliates and balance of payables to affiliates as well as transactions with affiliates within the period:

	December 31, 2013	
	Receivables	Payables
	Short Term	Short Term
Balances with affiliates	Trade	Trade
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 Kabely 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
	9,303,635	**37,751,370**

	December 31, 2012	
	Receivables	Payables
	Short Term	Short Term
Balances with affiliates	Trade	Trade
Prysmian Cables Limited	1,574,396	-
Prysmian Cavi e Sistemi S.r.l.	-	2,999,207
Prysmian Cables et Systemes France SAS	352,713	-
Prysmian Kabel und Systeme GmbH	-	543,687
Prysmian Cavi e Sistemi Italia S.R.L	10,208,870	651,233
Prysmian S.P.A	164,461	-
Prysmian Cabluri si Sisteme S.A.	251,499	-
Prysmian Cables y Sistemas S.A.	141,309	631,410
Draka Istanbul Asansor Ihracaat Ihr.Ltd.Şti.	226,262	-
Draka Comteq Kablo Limited Sirketi	52,420	-
Draka Denmark	49,524	-
Prysmian Kablo S.R.O.	83,294	-
Draka Comteq Berlin GmbH & Co	148,579	-
Draka Comteq Fibre BV	-	189,276
Draka Comteq Germany GmbH & Co KG Köln	-	106,648
Draka Comteq Berlin GmbH & Co. KG Berlin / Köpenick	-	2,009,084
Draka Comteq UK Limited	-	378,393
Other Affiliates	43,946	50,639
	13,297,273	**7,559,577**

Transactions with affiliates	January 1 - December 31, 2013		January 1 - December 31, 2012	
	Stock Purchases	Service Purchases	Stock Purchases	Service Purchases
Prysmian Metals Ltd.	20,279,860	-	19,538,349	-
Prysmian Cavi e Sistemi S.r.l.	48,944	19,069,767	57,062	17,202,462
Fibre Ottiche Sud - F.O.S. S.r.l.	3,626,079	-	3,968,359	-
Prysmian Cables et Systemes France SAS	3,326,465	-	-	-
Prysmian Cables & Systems Ltd.	609,838	-	335,020	-
Prysmian Kabel und Systeme GmbH	21,758,621	-	5,168,270	-
Prysmian Cavi e Sistemi Italia S.R.L	15,703,030	-	7,435,800	-
Prysmian S.P.A	2,941,294	472,423	-	1,187,737
Prysmian Cabluri si Sisteme S.A.	-	-	-	-
Prysmian Cables y Sistemas S.A.	12,087,648	-	4,283,121	-
Draka Comteq Kablo Limited Sirketi	-	-	374,077	-
Draka Comteq Fibre BV	688,080	-	187,380	206,827
Draka Comteq Germany GmbH	653,681	-	725,664	-
Draka Comteq Germany GmbH & Co KG Köln	8,776,530	-	1,454,268	-
Draka Cable Wuppertal GmbH	1,599,686	-	234,315	-
Prysmian Romania Cabluri Si Sisteme	762,316	-	847,765	-
Prysmian Cables and Systems B.V.	673,264	-	339,019	-
Draka Comteq UK Limited	3,042,390	-	1,256,167	-
P.T. Prysmian Cables Indonesia	1,588,247	-	-	-
Prysmian Cables and Systems OY/FINLAND	20,605,593	-	-	-
Other Affiliates	304,784	-	121,690	-
	119,076,350	**19,542,190**	**46,326,326**	**18,597,026**

Transactions with affiliates	January 1 - December 31, 2013	January 1 - December 31, 2012
	Sales of goods	Sales of goods
Prysmian Cables et Systemes France SAS	3,476,083	5,128,730
Prysmian Cables & Systems Ltd.	5,820,916	20,782,717
Prysmian Kabel und Systeme GmbH	347,273	2,114,414
Prysmian Cavi e Sistemi Italia S.R.L	11,754,744	18,418,419
Prysmian Cabluri si Sisteme S.A.	1,089,900	3,127,008
Prysmian Cables y Sistemas S.A.	9,478,516	23,516
Prysmian LLC Rybinskelektrokabel	-	829,874
Draka Istanbul Asansor Ihracaat Ihr.Ltd.Şti.	705,589	709,142
Draka Comteq Kablo Limited Sirketi	-	220,318
Draka Offshore Asia Pacific Pte Ltd SINGAPORE	123,273	229,123
Draka Cableteq USA	915,855	-
Other Affiliates	1,393,836	709,474
	35,105,985	**52,292,735**

The service costs to the companies in the group involve three types of service costs. These are;

TAF (Technical Assistance Fees) license agreement:

License fee is calculated as 2% total, comprising of 1% brand right and 1% know-how and invoiced by the relevant companies. The latest arrangement took place in 2006 to change the title.

SAG (Service Agreement) service agreement:

The cost sharing is invoiced according to various distribution keys for each company provided to all group companies by the Prysmian Group Holding head office, including legal, sales support, R&D and consultancy.

IT (IT Service Agreement) information technology service agreement:

The cost of all information processing carried out in the Prysmian Group Holding head office on behalf of the group companies is calculated. Cost sharing is determined by various distribution keys and the respective shares of group companies are invoiced.

The cost of IT service purchased from the Prysmian S.P.A. relates to the S.A.P. system revised in 2011. It includes all expenses, the technical assistance and consultancy relating to the system revision.

The license payments procured to the group companies is calculated and paid as 2% of product sales subject to license agreements. The license agreement between the group companies was revised in 2006 and remains in effect unchanged conditions.

License and agreement costs related to Group companies	January 1 - December 31, 2013	January 1 - December 31, 2012
Prysmian Cavi e Sistemi S.r.l.	19,070,123	17,202,462
Prysmian S.p.a.	472,067	1,187,737
Draka Comteq Fibre BV	-	206,827
	19,542,190	**18,597,026**

Benefits to Senior Executives:

Below are the benefits to senior executives during the term:

	January 1 - December 31, 2013	January 1 - December 31, 2012
Wages and other short term benefits	1,920,739	1,817,540
Other Long Term Benefits	11,709	477,640
	1,932,448	**2,295,180**

4. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

Below are the details on the Group's trade receivables as of the date of balance sheet:

Short Term Trade Receivables	December 31, 2013	December 31, 2012
Trade receivables	94,093,359	81,292,892
Trade receivables from affiliates (Footnote:3)	9,303,635	13,297,273
Notes receivables	100,962,668	70,197,659
Doubtful trade receivables	18,570,411	14,374,215
Provisions for doubtful trade receivables	(18,570,411)	(14,374,215)
Trade receivables rediscount	(1,500,530)	(731,358)
	202,859,132	**164,056,466**

The standard term for the Group's trade receivables is from 30 to 60 days (31 December 2012: 30 to 60 days). The effective annual interest rates applied to trade receivables of the Group in TL, Euro and USD currencies are 12%, 9% and 9% respectively (31 December 2012: annual 12%, 9% and 9%).

The provisions for doubtful trade receivables are determined on the basis of past experience of failure to collect. The exchange rate differences for doubtful receivables in foreign currency are included in the provisions and the same amount is reflected on incomes and expenses for exchange rate variations.

Below is the Group's statement of actions against doubtful trade receivables:

Movement of allowance for doubtful receivables	January 1 - December 31, 2013	January 1 - December 31, 2012
Opening balance	**(14,374,215)**	**(16,122,559)**
Charge for the period	(1,532,776)	2,117,600
Collections	10,145	-
Changes in currency exchange rates arising	(2,673,565)	(369,256)
Final balance	**(18,570,411)**	**(14,374,215)**

The explanations on the type and level of risks in trade receivables are provided in the Note 24.

Ageing analysis for trade receivables:

Below are the terms of trade receivables, excluding the notes receivables, without provisions reserved for doubtful receivables as of 31 December 2013 and 31 December 2012:

	December 31, 2013	December 31, 2012
Overdue receivables	7,844,000	12,259,465
0-30 day term	26,337,938	38,617,258
31-60 day term	46,017,612	32,506,713
61-90 day term	23,197,444	11,090,709
91-120 day term	-	116,020
	103,396,994	**94,590,165**

Factoring transactions on trade receivables:

The Group initiated irrevocable factoring for domestic and export registered trade receivables in 2010. As per the articles of the Factoring contract, such receivables are deemed as the receivables of the factoring company; the attached financial charts clearly demonstrate receivables and liabilities. As of 31 December 2013, the total amount receivables transferred to the factoring company is TL14,310,373 (31 December 2012: TL11,805,138).

b) Trade Payables:

Below are the details of the Group's trade payables as of the date of balance sheet:

Short Term Trade Payables	December 31, 2013	December 31, 2012
Trade payables	342,125,147	196,702,609
Payables to affiliates (Footnote:3)	37,751,370	7,559,577
Trade payables rediscount	(285,254)	(259,096)
	379,591,263	**204,003,090**

The average payment term for the Group's trade payables is 90 days (31 December 2012: 90 days). The effective annual interest rates applied to the Group's trade payables in TL, Euro and USD are 0%, 5.5% and 5.5% respectively. (31 December 2012: 6.5% 5.45% and 5.45%).

The Group has financial risk management policies implemented to ensure the timely payment of all payables within the lending terms.

The explanations on the type and level of risks in trade receivables are provided in the Note 24.

5. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

Other Short Term Receivables	December 31, 2013	December 31, 2012
Income accruals	509,525	201,098
Other doubtful receivables	28,195	28,195
Provisions for other doubtful receivables (-)	(28,195)	(28,195)
Deposits and securities provided	78,972	83,128
Other various receivables	205,864	334,415
	794,361	**618,641**

b) Other Payables

Other Short Term Payables	December 31, 2013	December 31, 2012
Payables to staff	789,854	-
Payables to partners	-	11,451
Other various payables	165,395	852,458
	955,249	**863,909**

6. STOCKS

	December 31, 2013	December 31, 2012
Fist Substance Raw Metarials	17,141,042	14,776,039
Semi-Product	23,361,562	19,458,598
Product	34,740,828	30,486,064
Commodities	5,625,041	2,137,387
Inventory Develuation (-)	(1,623,338)	(1,685,943)
	79,245,135	**65,172,145**

In the accounting period from 1 January to 31 December 2013, the Company's sold goods account includes TL591,650,308 (1 January – 31 December 2012: TL532,173,098) for raw material consumption.

Transactions of provisions for decrease in stock value	January 1 - December 31, 2013	January 1 - December 31, 2012
Opening Balance	**(1,685,943)**	**(827,342)**
Provisions reserved and outflows within the Term	62,605	858,601
Final Balance	**(1,623,338)**	**(1,685,943)**

7. PREPARED EXPENSES AND DEFERRED INCOMES

Short Term Prepaid Expenses	December 31, 2013	December 31, 2012
Advances for orders for projects	7,028,729	1,356,411
Expenses for future months	358,174	952,378
	7,386,903	**2,308,789**

Long-term prepaid expenses	December 31, 2013	December 31, 2012
Prepaid expenses	9,288	16,967
	9,288	**16,967**

Deferred Incomes	December 31, 2013	December 31, 2012
Advances for Orders Received (*)	38,205,699	36,795,401
	38,205,699	**36,795,401**

(*)10,010,516 Euro of advance payments received for orders is the advance payment for Lapseki – Sütlüce 380 kV Submarine Cable Project signed in 2012, TL962,488 is the advance payment for Maslak 1453 – Ağaoğlu Akdeniz İnşaat- 154kV Project and Euro703,168 is the advance payment for Habaş 154kV Construction, Cabling, Headline, Assembly and 221.242 Euro is the advance payment for the Şara Construction, Test and Commissioning Work projects relating to construction projects spread over years (Footnote 17). The remaining portion consists of advances received from customers for other cable sales.

8. TANGIBLE ASSETS

	Land and Plots	Buildings	Facilities, machines and devices	Vehicles, fixtures and Stock items	Special Costs	Ongoing Investments	Total
Cost Value							
Opening Balance as of 1 January 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
Outflows	-	(1,207)	(825,467)	(55,837)	-	-	(882,511)
Final Balance as of 31 December 2013	**3,164,360**	44,683,732	**205,082,424**	**24,250,575**	**77,543**	319,464	**277,578,098**
Accummulated amortization							
Opening Balance as of 1 January 2013	-	(24,864,911)	**(180,993,296)**	**(21,682,968)**	**(77,515)**	-	**(227,618,690)**
Term Expenses	-	(773,640)	(4,316,581)	(614,813)	-	-	(5,705,034)
Outflow	-	1,053	825,467	55,837	-	-	882,357
Final Balance as of 31 December 2013	-	(25,637,498)	**(184,484,410)**	**(22,241,944)**	**(77,515)**	-	**(232,441,367)**
Net Book Value as of 31 December 2013	**3,164,360**	19,046,234	**20,598,014**	**2,008,631**	**28**	319,464	**45,136,731**

	Land and Plots	Buildings	Facilities, machines and devices	Vehicles, fixtures and Stock items	Special Costs	Ongoing Investments	Total
Cost Value							
Opening Balance as of 1 January 2012	**3,164,360**	44,597,787	**199,021,385**	**23,177,334**	**77,543**	-	**270,038,409**
Purchases	-	17,152	4,808,973	877,867	-	-	5,703,992
Outflows	-	-	(189,100)	(258,769)	-	-	(447,869)
Final Balance as of 31 December 2012	**3,164,360**	44,614,939	**203,641,258**	**23,796,432**	**77,543**	-	**275,294,532**
Accummulated amortization							
Opening Balance as of 1 January 2012	-	(24,092,622)	**(177,163,136)**	**(21,338,133)**	**(77,515)**	-	**(222,671,406)**
Term Expenses	-	(772,289)	(4,011,845)	(569,654)	-	-	(5,353,788)
Outflow	-	-	181,685	224,819	-	-	406,504
Final Balance as of 31 December 2012	-	(24,864,911)	**(180,993,296)**	**(21,682,968)**	**(77,515)**	-	**(227,618,690)**
Net Book Value as of 31 December 2012	**3,164,360**	19,750,028	**22,647,962**	**2,113,464**	**28**	-	**47,675,842**

Below are the amortization periods for tangible assets:

	Economic Life
Buildings	20-50 years
Facilities, machines and devices	5-15 years
Vehicles	5 years
Stock items	2-5 years
Special costs	5-10 years

As of 31 December 2013, the Group has a total amortization cost of TL5,705,663, comprised of TL5,705,034 for tangible assets and TL629 for intangible assets. The amortization costs of the current term in question have been reflected on the production costs in the amount of TL5,161,629 and to the activity costs in the amount of TL544,034.

As pf 31 December 2012, the Group has a total amortization cost of TL5,364,626, comprise of TL5,353,788 for tangible assets and TL10,838 for intangible assets. The amortization costs of the current term in question have been reflected on the production costs in the amount of TL4,788,897 and to the operational costs in the amount of TL575,729.

9. INTANGIBLE ASSETS

	Rights
Cost Value	
Opening Balance as of 1 January 2013	**969,373**
Purchases	42,550
Final Balance as of 31 December 2013	**1,011,923**
***Accummulated Redemption**	
Opening Balance as of 1 January 2013	**(969,373)**
Term expenses	(629)
Final Balance as of 31 December 2013	**(970,002)**
Book Value as of 31 December 2013	**41,921**

	Rights
Cost Value	
Opening Balance as of 1 January 2012	**969,373**
Purchases	-
Outflows	-
Final Balance as of 31 December 2012	**969,373**
***Accummulated Redemption**	
Opening Balance as of 1 January 2012	**(958,535)**
Term expenses	(10,838)
Outflows	-
Final Balance as of 31 December 2012	**(969,373)**
Book Value as of 31 December 2012	**-**

Other intangible assets include the software used within the Group.

The periods of redemption used for intangible assets are as follows:

	Economic Life
Rights	8-20 years

10. PROVISIONS, CONDITIONAL ASSETS AND PAYABLES

Provisions

Short Term Provisions	December 31, 2013	December 31, 2012
Provisions for goods and services pending invoice	13,856,939	7,254,218
Provisions for dealer sales premiums	1,333,998	966,273
Provisions for abroad service agreements	399,761	5,617,406
Provisions for warranty costs	157,300	1,629,246
Provisions for order commissions	-	222,186
Other	124	35,696
	15,748,122	**15,725,025**

Long term provisions	December 31, 2013	December 31, 2012
Provisions for guarantee	380,178	579,103
Provisions for lawsuit (*)	1,115,083	2,072,670
	1,495,261	**2,651,773**

(*) Aforesaid amount means the provisions allocated for several lawsuits brought against the Group by various parties. Provision amount is accounted as general administrative expense in income and loss statement. The balance dated December 31, 2013 is not expected to be used within a year. Upon receiving the legal opinion according to management's conviction, these lawsuits shall not cause a significant loss more than the provision allocated as of December 31, 2013.

Activities tables about provisions for warranty and lawsuits as of December 31, 2013 and December 31, 2012 are as follows:

	Provisions for guarantee	Provisions for lawsuit	Total
As of January 1, 2013	**579,103**	**2,072,670**	**2,651,773**
Additional provisions	(198,925)	(566,689)	(765,614)
Exchange differences	-	(390,898)	(390,898)
As of December 31, 2013	**380,178**	**1,115,083**	**1,495,261**

	Provisions for guarantee	Provisions for lawsuit	Total
As of January 1, 2012	**673,700**	**1,661,541**	**2,335,241**
Additional provisions	-	342,768	342,768
Exchange differences	(94,597)	68,361	(26,236)
As of December 31, 2012	**579,103**	**2,072,670**	**2,651,773**

11. COMMITMENTS

Guarantee-Pledge-Mortgages ("GPM")

Tables about the guarantee/pledge/mortgage position of the Group as of December 31, 2013 and December 31, 2012:

	December 31, 2013	December 31, 2012
A. Total Amount of GPMs Given on Behalf Of Its Legal Entity		
-Guarantee-	64,052,503	59,816,187
B. Total Amount of GPMs Given in Favor of Shareholders Included in Full Consolidation	-	-
C. Total Amount of GPMs Given by Other 3rd Parties to Pay Debt in Order to Execute Ordinary Commercial Activities	-	-
D. Total Amount of Other GPMs	48,993,136	41,777,820
i. Total Amount of GPMs Given in Favor of Main Shareholder		
ii. Total Amount of GPMs Given in Favor of Other Group Companies Which Are Not Included in articles B and C	16,684,194 Avro	1,321,080 TL 17,203,189 Avro
iii. Total Amount of GPMs Given in Favor of 3rd Companies which Are Not Included in article C	-	-
Total	**113,045,639**	**101,594,007**

Proportion of other guarantees, pledges and mortgages given by the Group to shareholders equity of the Group is 43% as of December 31, 2013 (It was 41% as of December 31, 2012).

Letters of guarantee specified in subclause A consist of the performance letters which the Group gives to customs, various tender authorities and buyers due to contracts. Letters of guarantee specified in subclause D correspond to 16,684,194 Euro. They were given due to the consortium established between the Group and Prysmian Power link Srl.

Open export credit commitments payable of the Group as of December 31, 2013 is 4,829,440 US Dollar (December 31, 2012: Not available).

12. BENEFITS FOR EMPLOYEES

Short term provisions regarding benefits for employees

	December 31, 2013	December 31, 2012
Provision for premium (*)	4,251,420	-
	4,251,420	**-**

(*) Because provisions for bonus included in "Long term provisions for employee benefits" as of December 31, 2012 shall be paid within "1" year as of December 31, 2013, it is shown in "Short term provisions for employee benefits"

Long term provisions for employee benefits

	December 31, 2013	December 31, 2012
Provision for employee termination benefits	6,490,157	7,546,427
Provisions for incentive bonuses	1,333,814	4,656,911
Provision for unused vacation	703,819	600,962
	8,527,790	**12,804,300**

Benefit severance provisions:

Pursuant to Labor Law in force, there is an obligation to pay legal benefit severance to the employees both who are entitled to receive benefit severance and whose contract expired. Additionally, employees are required to be paid their legal benefit severance who are entitled to release and receive benefit severance in accordance with Law numbered 2242 and dated 6 March 1981 and numbered 4447 and dated 25 August 1999 of the existing Social Insurance Law No: 506 including the amended Article 60 of the related Law. Several provisions for service conditions before retirement were removed from the related Law after the amendment of Law on 23 May 2002.

Benefit severance to be paid as of December 31, 2013 is subjected to maximum monthly limit of TL3,254.44 (2012: TL3,033.98).

Benefit severance obligation is not subjected to any funding legally. Benefit severance provisions is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TMS 19 *Employee Benefits* requires the Group's obligation to be developed under defined benefit plans by using actuarial valuation methods. . Accordingly, actuarial assumptions used to calculate the total liability are mentioned below:

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Therefore, provisions in the accompanying consolidated financial statements as of December 31, 2013 are calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. Provisions on the date of the respective balance sheet were calculated by using a real discount rate of approximately 3.47% assuming an annual inflation rate of 6.20% and an interest rate of 9.88% (December 31, 2012: 2.52%). Estimated rates of benefit severance which shall not be paid for voluntary releases and shall be kept by the Group are considered as 98% (December 31, 2012: 98%). Maximum limits of benefit severance are revised in every six months and the maximum amount is TL3,438.22 which is valid since January 1, 2004 while calculating benefit severance provision.

Important estimates used to calculate benefit severance obligation are discount rate and the probability of voluntary release.

	January 1 - December 31, 2013	January 1 - December 31, 2012
Provision as of January 1,	**7,546,427**	**6,928,844**
Service cost	439,010	411,000
Interest cost	540,060	633,000
Benefit severance paid	(1,764,340)	(1,222,417)
Actuarial (gain) / loss	(271,000)	796,000
Provision as of December 31,	**6,490,157**	**7,546,427**

13. EXPENSES BASED ON THEIR FEATURES

	January 1 - December 31, 2013	January 1 - December 31, 2012
Raw material expenses	(591,650,308)	(532,173,098)
Cost of trade goods sold	(49,271,824)	(13,883,437)
Logistic costs commissions on sale and guarantee letter	(35,586,699)	(32,962,756)
Production costs	(27,467,797)	(23,942,433)
License expenses	(19,542,192)	(18,597,026)
Direct labor expenses	(14,994,014)	(12,634,459)
Personnel expenses	(11,439,209)	(9,185,450)
Depreciation expenses	(5,705,663)	(5,364,626)
Outsource service expenses	(1,156,067)	(1,113,974)
Audit expenses	(441,027)	(316,228)
Other expenses	(51,082,236)	(10,553,305)
	(808,337,036)	**(660,726,792)**

14. OTHER ASSETS AND LIABILITIES

Other Current Assets	December 31, 2013	December 31, 2012
Advances given for purchase orders	17,966,447	5,744,686
Receivables from tax office	9,526,681	2,034,202
Deferred VAT	4,054,106	3,261,853
Other VAT	-	9,369,699
Other current assets	258,133	218,028
	31,805,367	**20,628,468**

Other Short Term Liabilities	December 31, 2013	December 31, 2012
Taxes payables	2,337,749	13,559,811
Other miscellaneous obligations and liabilities	315,500	460,351
	2,653,249	**14,020,162**

15. CAPITAL, RESERVES AND OTHER ITEMS OF SHAREHOLDERS EQUITY

a) Capital / Capital Adjustments Due to Cross-Ownership

Paid-in capital structure of the Group on December 31, 2013 and December 31, 2012 is as follows:

Shareholders	%	December 31, 2013	%	December 31, 2012
Prysmian (Dutch) Holdings B. V.	83,75	93,991,660	83,75	93,991,660
Other	16,25	18,241,992	16,25	18,241,992
Nominal capital	**100,00**	**112,233,652**	**100,00**	**112,233,652**
Inflation adjustment				
Readjusted capital		112,233,652		112,233,652
Adjusted capital		**112,233,652**		**112,233,652**

Capital of the Group consists of 112,233,652 shares as of December 31, 2013 (December 31, 2012: 112,233,652 shares). Par value of shares is TL1/share (December 31, 2012: TL1/share). All of the shares issued were paid in cash.

b) Reserves on Retained Earnings

	December 31, 2013	December 31, 2012
Legal Reserves	3,881,474	3,318,489
Gains from fixed asset sales (*)	2,978,592	2,978,592
	6,860,066	**6,297,081**

(*) Exemption of gains from fixed asset sales were readjusted in Corporate Tax Law numbered 5520 and the requirement to add the capital was annulled differently from previous Corporate Tax Law numbered 5422. Therefore, 75% of gain from sales should be kept in a private fund account until the end of the fifth year following the sales. It is possible to add the fund to capital within or after this period and the amount kept in fund can be freely used from the end of the fifth year.

Considering "tax expense for the period" and "deferred tax income" according to financial statements of accounting year of 2013 which were prepared in Ordinary General Meeting in 29 March 2013 within the provisions of Capital Market Board (CMB) and in compliance with Turkish Accounting Standards and audited independently, it was decided unanimously that TL7,140,598 would be allocated to shareholders after reserving "Net Profit for The Year" of TL9,145,892 and legal reserves of accounting year of 2013 within the regulations of CMB and present dividend policy

Amount of reserves on retained earnings is TL6,860,066 as of December 31, 2013 (2012: TL6,297,081).

16. REVENUE

a) Sales	January 1 - December 31, 2013	January 1 - December 31, 2012
Domestic sales	958,158,105	664,300,224
Export sales	279,271,948	264,878,109
Sales discounts (-)	(414,981,836)	(254,881,624)
	822,448,217	**674,296,709**

According to the developments in raw material prices and exchange rates, sales price list based on the product is prepared as reference by sales department for a number of times or as needed.

The discount or deduction policies applied for sales are determined by completely considering the market conditions and perfect competition conditions regardless of domestic sales, export sales, internal sales and external sales.

b) Cost of sales	January 1 - December 31, 2013	January 1 - December 31, 2012
Raw material expenses	(591,650,308)	(532,173,098)
Personnel expenses	(14,994,014)	(12,634,459)
General production expenses	(27,467,797)	(23,942,433)
Depreciation expenses	(5,161,629)	(4,788,897)
Cost of trade goods sold	(49,271,824)	(13,883,437)
Cost of other sales	(45,741,197)	(4,731,522)
	(734,286,769)	**(592,153,846)**

Moreover, total personnel expenses in general production expenses correspond to TL19,779,792 in 2013 (2012: TL18,046,927).

17. CONSTRUCTION CONTRACTS

	December 31, 2013	December 31, 2012
Costs of work in progress	62,948,342	33,521,486
Profits minus losses recognized (net)	8,827,769	10,665,968
	71,776,111	**44,187,454**
Minus: Progress payments (-)	(36,441,826)	(44,103,805)
	35,334,285	**83,649**

Costs of progress payments in consolidated financial statements are as follows:

	December 31, 2013	December 31, 2012
Receivables from continuing construction contracts	35,334,285	83,649
	35,334,285	**83,649**

The Group grounds on the percent of completed contractual activities while transferring the income and expenses of the related construction works to financial statements. Contracts of the Group which were signed last year and are about completed or continuing works are as follows:

a) ABB Fırat Plastik 154kV Construction, Cable, Headpiece, Installation, Test and Implementation Work:

The Group signed the contract about abovementioned construction works on 28 September 2012. It reflected the income and expenses calculated according to the completion percentages of related construction work, to financial statements with a completion percentage of 100% as of current period.

b) Lapseki – Sütlüce 380 kV Submarine Cable Project :

The Group signed the contract about abovementioned construction works on 19 September 2012. It reflected the income and expenses calculated according to the completion percentages of related construction work, to financial statements with a completion percentage of 21% as of current period.

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

The Group signed the contract about abovementioned construction works on 12 October 2012. It reflected the income and expenses calculated according to the completion percentages of related construction work, to financial statements with a completion percentage of 66% as of current period.

d) TEİAŞ Gebze OSB TM - Tuzla TM 154 kV Cable Project :

The Group signed the contract about abovementioned construction works on 20 December 2012. It reflected the income and expenses calculated according to the completion percentages of related construction work, to financial statements with a completion percentage of 91% as of current period.

e) Çalık Türkmenistan 110 kV Cable and Access.:

The Group signed the contract about abovementioned construction works on 29 April 2013. It reflected the income and expenses calculated according to the completion percentages of related construction work, to financial statements with a completion percentage of 25% as of current period

18. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	January 1 - December 31, 2013	January 1 - December 31, 2012
General administrative expenses (-)	(28,888,629)	(26,990,480)
Marketing expenses (-)	(43,666,964)	(40,283,665)
Research and development expenses (-)	(1,494,674)	(1,298,801)
	(74,050,267)	**(68,572,946)**

a) Detail of General Administrative Expenses

	January 1 - December 31, 2013	January 1 - December 31, 2012
License expenses	(19,542,192)	(18,597,026)
Personnel expenses	(6,948,120)	(4,890,854)
Outsource service expenses	(948,064)	(906,953)
Amortization expenses	(326,225)	(416,687)
Other general administrative expenses	(1,124,028)	(2,178,960)
	(28,888,629)	**(26,990,480)**

b) Detail of Marketing Expenses

	January 1 - December 31, 2013	January 1 - December 31, 2012
Logistic costs commissions on sale and guarantee letter	(35,586,699)	(32,962,756)
Personnel expenses	(3,885,391)	(3,755,413)
Amortization expenses	(168,142)	(109,172)
Other sales and distribution expenses	(4,026,732)	(3,456,324)
	(43,666,964)	**(40,283,665)**

c) Detail of Research and Development Expenses

	January 1 - December 31, 2013	January 1 - December 31, 2012
Personnel expenses	(605,698)	(539,183)
Audit expenses	(441,027)	(316,228)
Outsource service expenses	(208,003)	(207,021)
Amortization expenses	(49,667)	(49,870)
Other expenses	(190,279)	(186,499)
	(1,494,674)	**(1,298,801)**

19. OTHER REAL OPERATING INCOME AND EXPENSES

Details of other real operating income for the years ending on December 31, 2013 and December 31, 2012 are as follows:

Other Operating Income

	January 1 - December 31, 2013	January 1 - December 31, 2012
Currency Exchange differences income from trade activities	87,530,639	20,269,452
Interest income	2,942,604	3,609,510
Term gains of trade receivables	1,797,493	3,127,847
Costs reflect the revenue	1,297,635	772,477
Trade receivables accrual of income	26,158	1,472,697
Other income	101,740	610,456
	93,696,269	**29,862,439**

Other Real Operating Expenses

	January 1 - December 31, 2013	January 1 - December 31, 2012
Currency exchange difference expense from trade activities	(89,884,367)	(23,601,034)
Financing expenses for trade activities	(3,047,735)	(2,512,155)
Provision expenses	(1,470,171)	-
Interest expenses	(640,851)	(867,464)
Rediscount expenses for other payables	(769,172)	(1,010,886)
Project commission amount		(2,393,370)
Other expenses	(358,234)	(845,982)
	(96,170,530)	**(31,230,891)**

20. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

	December 31, 2013	December 31, 2012
Actuarial gain/ (losses) from pension plans	216,800	(636,800)
	216,800	**(636,800)**

21. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)

Short Term Assets about Tax of Current Period	December 31, 2013	December 31, 2012
Withholdings paid for construction repair works extending to years	1,611,136	813,405
	1,611,136	**813,405**

Current tax obligation:	December 31, 2013	December 31, 2012
Provision for current corporation tax	-	5,659,564
Minus: Prepaid taxes and funds	-	(4,106,882)
	-	**1,552,682**

Tax expense / (income) consists of the following items:	January 1 - December 31, 2013	January 1 - December 31, 2012
Current tax expense	-	5,659,564
Deferred tax assets expense / (income)	2,491,028	(1,161,682)
Total tax expense	**2,491,028**	**4,497,882**

Tax effects on the other comprehensive income are as follows:

	January 1 - December 31, 2013			January 1 - December 31, 2012		
	Before-tax amount	Tax expense/ income	After-tax amount	Before-tax amount	Tax expense/ income	After-tax amount
Actuarial gain and losses from pension plans	271,000	(54,200)	216,800	(796,000)	159,200	(636,800)
Other comprehensive income/ (expense) in the period	**271,000**	**(54,200)**	**216,800**	**(796,000)**	**159,200**	**(636,800)**

Corporate Tax

The Group is subjected to the effective corporate tax in Turkey. The necessary provisions are reserved in consolidated financial statement for estimated tax obligations as a result of the Group's activities in current period. Turkish tax legislation does not allow parent company to give tax declaration based on the financial statements where it consolidated its subsidiaries. Therefore tax obligations reflected on the consolidated financial statements are calculated separately for each company which are included in consolidation.

Corporate tax rate to be accrued on the profit of the taxable company is calculated on the tax base remained after adding the expenses which cannot be deducted from taxable income written as expense while determining trading profit and subtracting tax-exempt earnings, tax free income and other discounts (accumulated losses if available and investment allowances used if preferred).

Effective tax rate applied in 2013 is 20% (2012: 20%).

Advance tax is calculated and accrued in Turkey for three-month periods. Advance tax rate required to be calculated from the profits of the company is 20% while taxing the profits of the company for 2013 by advance tax periods (2012: 20%). Losses can be kept for a maximum of 5 years by being deducted from the taxable profit which will exist in future. However the losses cannot be deducted from profits of the past years.

There is not a precise and definite reconciliation procedure about tax assessment in Turkey. The companies prepare tax returns between 1 April and 25 April following the balancing payment period of the related year. These tax returns and accounting records used as basis for the tax returns can be examined and revised within 5 years by Tax Office.

Income Tax Withholding Payable

In addition to corporate tax, income tax withholding payable should be calculated from the dividends except the ones distributed to the branches of the foreign companies in Turkey and full taxpayer institutions which obtain dividends after distribution and declare them by including them to company profits. Income tax withholding payable was applied as 10% to all companies between 24 April 2003 and 22 July 2006. This rate has changed as 15% through Council of Ministers Decision numbered 2006/10731 since 22 July 2006. Undistributed dividends which were added in capital are not subjected to income tax withholding payable.

19.8% of tax cut should be applied on the amount of the investment allowance used with regard to investment incentive certificates received before 24 April 2003. Tax cut is not applied on the investment expenditures which do not have incentive certificates and were done after abovementioned date.

Deferred Tax

The Group books deferred tax assets and liabilities for temporary timing differences arising from the differences between the legal financial statements for tax base and the financial statements prepared in compliance with Turkish Accounting Standards. These differences generally originate from the fact that some income and expense items exist in the legal financial statements for tax base and the financial statements prepared in compliance with Turkish Accounting Standards in different periods. Related differences are specified below.

The tax rate used to calculate deferred tax assets and liabilities corresponds to 20% (2012: 20%).

Because the enterprises in Turkey cannot declare consolidated tax return, subsidiaries having deferred tax assets are not offset with the subsidiaries having deferred tax liabilities and they are presented separately.

Deferred tax (assets)/liabilities:	December 31, 2013	December 31, 2012
Revaluation and depreciation differences of tangible assets/ redemption differences of other intangible assets	960.189	1.234.311
Provisions for benefit severance	(1.298.031)	(1.509.285)
Long-term construction revenue realizations	1.167.181	463.126
Net difference between book values of inventories and taxable income	(695.631)	(553.060)
Purchasing bonus	40.220	40.220
Trade receivables	(489.529)	11.500
Trade payables	57.051	(90.066)
Accumulated losses	(1.150.110)	-
Other	105.110	(3.445.524)
	(1.303.550)	**(3.848.778)**

On the date of balance sheet, the Group has tax loss not in use which it can offset against the profits of TL5,750,552 (2012: Not available) to be obtained probably in future. A deferred tax of TL1,150,110 arising from these losses was recorded.

The years when the right of using accumulated losses after reserving deferred tax asset shall expire are as follows:

	December 31, 2013	December 31, 2012
To expire on 2019	5,750,552	-
	5,750,552	**-**

Activity of tax (assets)/ liabilities deferred within the year which ends as of December 31, 2013 is given below:

Activities of deferred tax (asset)/liability:	January 1 - December 31, 2013	January 1 - December 31, 2012
Opening balance as of January 1	**(3,848,778)**	**(2,687,096)**
Booked in income statement	2,491,028	(1,161,682)
Booked under shareholders equity	54,200	-
Ending balance as of December 31	**(1,303,550)**	**(3,848,778)**

Reconciliation of tax expense for the period with income for the period is as follows

Reconciliation of provision for tax:	January 1 - December 31, 2013	January 1 - December 31, 2012
Pre-tax profit from operations	**11,636,920**	**12,201,465**
Income tax rate 20% (2012: 20%)	2,327,384	2,440,293
Tax effect:		
- Tax free income	-	(820,330)
- Non-deductible expenses	163,644	1,586,794
- Other	-	1,291,125
Provision expense for tax in income statement	**2,491,028**	**4,497,882**

22. EARNINGS PER SHARE

Earnings per share	January 1 - December 31, 2013	January 1 - December 31, 2012
Average number of existing shares during period (absolute value)	112,233,652	112,233,652
Net profit of parent company's shareholders for the period	9,145,892	7,703,583
Earnings per share from continuing and discontinued operations (TL)	0,0815	0,0686

23. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2013		December 31, 2012	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange transactions	11,852,610	(2,700,733)	-	(2,307,468)
Short term	11,852,610	(2,700,733)	-	(2,307,468)
Long term	-	-	-	-
	11,852,610	**(2,700,733)**	**-**	**(2,307,468)**

Foreign exchange derivative transactions:

The Group uses exchange derivative transactions to protect the important transactions and cash flows in future from financial risk. The Group is the party of various forward foreign exchange contracts and options depending on managing the foreign exchange rate fluctuations. Derivative financial instruments purchased are in the currencies of the markets where the Group operates.

As of the date of balance sheet, the total nominal amount of unexpired forward foreign exchange contracts which the Group is obliged to conclude is as follows:

	December 31, 2013	December 31, 2012
Forward foreign exchange contracts	178,810,170	83,693,070
	178,810,170	**83,693,070**

Related contracts are related with foreign exchange risks for the first half of 2013 and renewed when necessary.

The change in the fair value of foreign exchange derivative transactions which correspond to TL178,810,170 and are not hedge is recorded to income statement within the period (2012: TL83,693,070).

24. CHARACTERISTICS AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

Under capital management the Group tries to ensure the continuity of its operations and on the other hand, it aims at raising its profit by using debt-equity balance in the most efficient way.

The Group can change the amount of dividends to be paid to shareholders, return the capital to shareholders and issue new shares in order to maintain or rearrange the capital structure. Also, it can sell its assets to reduce borrowing.

It analyses capital according to financial leverage ratio in order to be consistent with the other firms in the industry. Abovementioned ratio is calculated by dividing net debt to total capital. Furthermore, net debt is calculated by subtracting cash and cash equivalents from the total credit (current and non-current credit are included as shown in the consolidated balance sheet). Total capital is obtained by calculating sum of "shareholders equity" item plus net debt in consolidated balance sheet.

Shareholders equity- debt ratios as of December 31, 2013 and December 31, 2012 are below:

	2013 TL	2012 TL
Total Liabilities	454,128,786	290,723,810
Minus: Cash and Cash Equivalents	172,260,139	118,790,338
Net Debt	281,868,647	171,933,472
Total Shareholders Equity	135,511,772	133,289,678
Total Capital	112,233,652	112,233,652
Shareholders Equity /Debt Ratio	%48	%78

b) Financial Risk Factors

The Group is exposed to market risk (exchange rate risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk due to its operations. Risk management program of the Group generally focuses on minimizing potential negative effects of the ambiguity in financial markets on the financial performance of the Group. Derivative financial instruments are used to avoid from various financial risks.

Risk management is executed by a centralized treasury department in line with the policies approved by Board of Directors. Regarding risk policies, treasury department of the Group defines and evaluates financial risk. Several instruments are used to reduce the risk through working together with operation unites of the Group. Board of Directors creates both written regulations about risk management and written procedures which comprise various risk types such as exchange rate risk, interest rate risk, and credit risk and state how to use financial derivative and other non-derivative instruments, how to utilize excess liquidity.

b.1) Credit risk management

Credit risks exposed by types of financial instruments	Receivables				
	Trade Receivables		Other Receivables		
December 31, 2013	Related Party	Other Party	Related Party	Other Party	Deposit at Banks
Maximum credit risk exposed as of reporting date (*)	**9,303,635**	**193,555,497**	-	-	**168,607,059**
- Maximum risk amount covered by guarantee etc. (**)	-	61,840,854	-	-	-
A. Book value of financial assets which are unexpired or did not fall in value	9,303,635	193,555,497	-	-	168,607,059
B. Book value of assets which are expired, but did not fall in value	-	7,844,000	-	-	-
C. Book value of assets which fell in value	-	-	-	-	-
- Expired (gross book value)	-	17,175,108	-	-	-
- Decrease in value (-)	-	(17,175,108)	-	-	-
- Part of net value amount covered by guarantee etc.	-	-	-	-	-
- Unexpired (gross book value)	-	1,395,303	-	-	-
- Decrease in value (-)	-	(1,395,303)	-	-	-
- Part of net value amount covered by guarantee etc.	-	-	-	-	-
D. Items having off balance sheet credit risk	-	-	-	-	-

(*) Items contributing to increase in credit reliability such as guarantees were not taken into account to determine the amount.
(**) Guarantees consist of guaranteed bills, guarantee checks and mortgages received from the customers.

Credit risks exposed by types of financial instruments	Receivables				
	Trade Receivables		Other Receivables		
December 31, 2012	Related Party	Other Party	Related Party	Other Party	Deposit at Banks
Maximum credit risk exposed as of reporting date (*)	**8,582,367**	**143,214,634**	**-**	**-**	**115,264,934**
- Maximum risk amount covered by guarantee etc. (**)	-	-	-	-	-
A. Book value of financial assets which are unexpired or did not fall in value	8,582,367	143,214,634	-	-	115,264,934
B. Book value of assets which are expired, but did not fall in value	-	12,259,465	-	-	-
C. Book value of assets which fell in value	-	-	-	-	
- Expired (gross book value)	-	14,132,950	-	-	-
- Decrease in value (-)	-	(14,132,950)	-	-	-
- Part of net value amount covered by guarantee etc.	-	-	-	-	-
- Unexpired (gross book value)	-	241,265	-	-	-
- Decrease in value (-)	-	(241,265)	-	-	-
- Part of net value amount covered by guarantee etc.	-	-	-	-	-
D. Items having off balance sheet credit risk	-	-	-	-	-

(*) Items contributing to increase in credit reliability such as guarantees were not taken into account to determine the amount.
(**) Guarantees consist of guaranteed bills, guarantee checks and mortgages received from the customers.

Credit risk is defined as the risk that one of the parties of a financial instrument causes financial loss for the Group because of failing to fulfill its contractual obligation. The Group tries to conduct its transactions only with the parties having credit reliability and reduce its credit risk by obtaining adequate guarantee when possible. Credit risks to which the Group is exposed and credit rating of the customers are continuously followed up. Credit risk is controlled by means of limits set for the customers and analyzed and approved by Board of Directors.

Trade receivables contain numerous customers spread in various sectors and geographical areas. Regular credit assessments on trade receivables balances of the customers are made and receivables are insured if appropriate.

Aging schedule of due receivables is as follows:

	December 31, 2013	December 31, 2012
	Receivables	Receivables
	Trade Receivables	Trade Receivables
1-30 days from due date	7,360,022	11,458,106
1-3 months from due date	105,240	606,157
3-12 months from due date	378,738	195,202
Total due receivables	**7,844,000**	**12,259,465**
Amount covered by guarantee etc.	**14,255,659**	**9,729,670**

Guarantees received for the provisions reserved from due trade receivables as of the date of balance sheet are below:

	December 31, 2013	December 31, 2012
Guarantees received	10,255,659	9,729,670
Mortgages	4,000,000	-
	14,255,659	**9,729,670**

b.2) Liquidity risk management

Main responsibility about liquidity risk management belongs to board of directors. Board of directors set an appropriate liquidity risk management for short, medium and long term funding and liquidity requirements. The Group manages liquidity risk to provide continuance of adequate funds and borrowing reserve by regularly following up the estimation of liquidity risk and actual cash flows and matching the maturity dates of the financial assets and liabilities.

The following table shows the distribution of the maturity dates of Group's derivative and non-derivative financial liabilities. Non-derivative financial Liabilities were prepared without discount on the basis of the earliest dates for payment. The interests to be paid for related liabilities were not included to the table. Moreover, derivative financial liabilities were not discounted and set according to cash inflows and outflows. Futures instruments are paid in net amount regarding futures transactions requiring gross payment and substantiated on gross cash inflows and outflows which are not discounted. In case of unstable receivables or liabilities, the declared amount is determined by using the interest rate calculated from the yield curves on the report date.

Liquidity risk table:

December 31, 2013						
Maturity dates as per contract	**Book Value**	**Total cash outflows as per contract (I+II+III+IV)**	**Shorter than 3 months (I)**	**Between 3-12 months (II)**	**Between 1-5 years (III)**	**Longer than 5 years (IV)**
Non-derivative financial liabilities						
Trade liabilities	379,591,263	379,876,517	212,144,542	167,731,975	-	-
Other liabilities (Footnote: 5)	789,854	789,854	789,854	-	-	-
Total liabilities	**380,381,117**	**380,666,371**	**212,934,396**	**167,731,975**	**-**	**-**

Since expected maturity dates are close to the maturity dates as of contract, a separate table for expected maturity dates is not given.

December 31, 2013						
Maturity dates as per contract	**Book Value**	**Total cash outflows as per contract (I+II+III+IV)**	**Shorter than 3 months (I)**	**Between 3-12 months (II)**	**Between 1-5 years (III)**	**Longer than 5 years (IV)**
Derivative financial liabilities						
Derivative cash inflows, net	9,151,877	178,810,170	113,744,970	65,065,200	-	-

Liquidity risk table:

December 31, 2012

Maturity dates as per contract	Book Value	Total cash outflows as per contract (I+II+III+IV)	Shorter than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
Non-derivative financial liabilities						
Trade liabilities	204,003,090	204,262,186	113,525,044	90,737,142	-	-
Other liabilities (Footnote: 5)	11,451	11,451	11,451	-	-	
Total liabilities	**204,014,541**	**204,273,637**	**113,536,495**	**90,737,142**	**-**	**-**

Since expected maturity dates are close to the maturity dates as of contract, a separate table for expected maturity dates is not given.

December 31, 2012

Maturity dates as per contract	Book Value	Total cash outflows as per contract (I+II+III+IV)	Shorter than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
Derivative financial liabilities						
Derivative cash inflows, net	(2,307,468)	83,693,070	26,417,514	57,275,556	-	-

b.3) Market risk management

As detailed below, operations of the Group are primarily exposed to the financial risks related with the changes in foreign exchange rates and interest rates. In order to keep the risks associated with foreign exchange rate and interest rate under control, the Group uses various derivative financial instruments including the following items as well:

1. forward foreign exchange purchase/sales contracts used to avoid from foreign exchange rate risk arising from exporting the products
2. Foreign exchange swaps performed to control foreign exchange rate risk arising from liabilities in foreign currency

Market risk exposing the Group in current year or procedures of managing and measuring the risks exposed did not change, compared to the previous year.

b.3.1) Foreign exchange rate management

Transactions in foreign exchange rate lead to the existence of foreign exchange rate risk. Foreign exchange rate risk is managed through forward foreign exchange purchase/sales contracts made based on approved policies.

The distribution of Group's monetary and non-monetary assets and monetary and non-monetary liabilities in foreign currency as of the date of balance sheet is shown below:

	December 31, 2013			
	in TL (Functional currency)	US Dollar	Euro	GBP
1. Trade Receivable	89,916,302	32,175,155	7,234,758	-
2a.Monetary Financial Assets	134,644,531	38,448,663	17,905,408	1,230
2b.Non-monetary Financial Assets	-	-	-	-
3. Other	10,317,152	185	3,513,284	-
4. CURRENT ASSETS	**234,877,985**	**70,624,003**	**28,653,450**	**1,230**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b.Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. FIXED ASSETS	-	-	-	-
9. TOTAL ASSEETS	**234,877,985**	**70,624,003**	**28,653,450**	**1,230**
10. Trade Liabilities	356,526,919	141,039,790	18,565,767	100,000
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b.Other Non-monetary Liabilities	-	-	-	-
13. SHORT TERM LIABILITIES	**356,526,919**	**141,039,790**	**18,565,767**	**100,000**
14. Trade Liabilities	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	93,013,546	3,482,510	29,086,815	-
16b.Other Non-monetary Liabilities	-	-	-	-
17. LONG TERM LIABILITIES	**93,013,546**	**3,482,510**	**29,086,815**	**-**
18. TOTAL LIABILITIES	**449,540,465**	**144,522,300**	**47,652,582**	**100,000**
19. Net asset / liability positions of off-balance sheet derivative instruments (19a – 19b)	**178,810,170**	**76,900,000**	**5,000,000**	**-**
19a. Amount of off-balance sheet derivative instruments with asset character in foreign currency	164,127,670	76,900,000	-	-
19b. Amount of off-balance sheet derivative instruments with liability character in foreign currency	(14,682,500)	-	(5,000,000)	-
20. Net foreign currency asset/liability position (9-18+19)	**(35,852,310)**	**3,001,703**	**(13,999,132)**	**(98,770)**
21. Net foreign currency asset/liability position for monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**(224,979,632)**	**(73,898,482)**	**(22,512,416)**	**(98,770)**
22. Fair value of the financial instruments used for hedging foreign currency	**178,810,170**	**76,900,000**	**5,000,000**	**-**
23. Amount of hedged foreign currency assets	**164,127,670**	**76,900,000**	**-**	**-**
24. Amount of hedged foreign currency liabilities	**(14,682,500)**	**-**	**(5,000,000)**	**-**
25. Total Export Amount (TL)	**279,271,948**	**-**	**-**	**-**
26. Total Import Amount (TL)	**374,092,477**	**-**	**-**	**-**

	December 31, 2012			
	in TL (Functional currency)	US Dollar	Euro	GBP
1. Trade Receivable	75,971,946	30,834,122	8,932,704	-
2a.Monetary Financial Assets	79,101,783	32,559,820	8,955,280	180
2b.Non-monetary Financial Assets	-	-	-	-
3. Other	6,595,194	375,505	2,519,803	-
4. CURRENT ASSETS	**161,668,923**	**63,769,447**	**20,407,787**	**180**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b.Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. FIXED ASSETS	-	-	-	-
9. TOTAL ASSEETS	**161,668,923**	**63,769,447**	**20,407,787**	**180**
10. Trade Liabilities	191,309,940	100,075,836	5,066,754	28,194
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b.Other Non-monetary Liabilities	-	-	-	-
13. SHORT TERM LIABILITIES	**191,309,940**	**100,075,836**	**5,066,754**	**28,194**
14. Trade Liabilities	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	74,727,969	8,719,410	25,014,711	-
16b.Other Non-monetary Liabilities	-	-	-	-
17. LONG TERM LIABILITIES	**74,727,969**	**8,719,410**	**25,014,711**	**-**
18. TOTAL LIABILITIES	**266,037,909**	**108,795,246**	**30,081,465**	**28,194**
19. Net asset / liability positions of off-balance sheet derivative instruments (19a – 19b)	**83,693,070**	**46,950,000**	**-**	**-**
19a. Amount of off-balance sheet derivative instruments with asset character in foreign currency	83,693,070	46,950,000	-	-
19b. Amount of off-balance sheet derivative instruments with liability character in foreign currency	-	-	-	-
20. Net foreign currency asset/liability position (9-18+19)	**(20,675,916)**	**1,924,201**	**(9,673,678)**	**(28,014)**
21. Net foreign currency asset/liability position for monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**(110,964,180)**	**(45,401,304)**	**(12,193,481)**	**(28,014)**
22. Fair value of the financial instruments used for hedging foreign currency	**83,693,070**	**46,950,000**	**-**	**-**
23. Amount of hedged foreign currency assets	**83,693,070**	**46,950,000**	**-**	**-**
24. Amount of hedged foreign currency liabilities	**-**	**-**	**-**	**-**
25. Total Export Amount (TL)	**265,444,136**	**-**	**-**	**-**
26. Total Import Amount (TL)	**302,205,151**	**-**	**-**	**-**

Sensitivity to foreign exchange rate risk

The Group is primarily exposed to foreign exchange rate risk in US Dollar and Euro.

The following table shows sensitivity of the Group to increase and decrease of 10% in exchange rate of US Dollar and Euro. Rate of 10% is the rate used to report the foreign exchange rate risk to senior managers in the Group and refers to the probable change in foreign exchange rates which the management expects. Sensitivity analysis comprises only open monetary items in foreign currency at the end of the year and indicates the effects of 10% of change in foreign exchange rate on the related items. This analysis contains both external loans and the loans of the parties in the Group in any currency except the functional currency. These parties in the Group get and use this loan for foreign operations. Positive value means the increase in profit/loss and items of other shareholders equity.

Sensitivity of the Group to the changes in foreign exchange rate in current period decreased, because investments in US Dollar were sold off in the last quarter of the year and sales in Euro fell. Consequently, trade receivables in Euro decreased.

Foreign exchange rate risk analysis at the end of the year does not reflect the foreign exchange rate risk in the year, so Group management thinks that sensitivity analysis does not completely express the foreign currency risk. Low volume of the sales in Euro in the last quarter of the year caused decrease in Euro receivables of the Group at the end of the year.

	December 31, 2013			
	Profit / Loss		Shareholders Equity	
	Valuation of foreign currency	Devaluation of foreign currency	Valuation of foreign currency	Devaluation of foreign currency
If US Dollar increases in value against TL by 10%				
1- Net asset / liability in US Dollar	(15,407,035)	15,407,035	(15,407,035)	15,407,035
2- Hedged amount against US Dollar risk (-)	16,412,767	(16,412,767)	16,412,767	(16,412,767)
3- Net effect of US Dollar (1+2)	**1,005,732**	**(1,005,732)**	**1,005,732**	**(1,005,732)**
If Euro increases in value against TL by 10%				
4- Net asset / liability in Euro	(5,588,947)	5,588,947	(5,588,947)	5,588,947
5- Hedged amount against Euro risk (-)	1,470,900	(1,470,900)	1,470,900	(1,470,900)
6- Net effect of Euro (4+5)	**(4,118,047)**	**4,118,047**	**(4,118,047)**	**4,118,047**
If GBP increases in value against TL by 10%				
4- Net asset / liability in GBP	(34,865)	34,865	(34,865)	34,865
5- Hedged amount against GBP risk (-)	-	-	-	-
6- Net effect of GBP (7+8)	**(34,865)**	**34,865**	**(34,865)**	**34,865**
TOTAL (3+6+9)	**(3,147,180)**	**3,147,180**	**(3,147,180)**	**3,147,180**

	December 31, 2012			
	Profit / Loss		Shareholders Equity	
	Valuation of foreign currency	Devaluation of foreign currency	Valuation of foreign currency	Devaluation of foreign currency
If US Dollar increases in value against TL by 10%				
1- Net asset / liability in US Dollar	(8,093,236)	8,093,236	(8,093,236)	8,093,236
2- Hedged amount against US Dollar risk (-)	8,369,307	(8,369,307)	8,369,307	(8,369,307)
3- Net effect of US Dollar (1+2)	**276,071**	**(276,071)**	**276,071**	**(276,071)**
If Euro increases in value against TL by 10%				
4- Net asset / liability in Euro	(2,867,541)	2,867,541	(2,867,541)	2,867,541
5- Hedged amount against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	**(2,867,541)**	**2,867,541**	**(2,867,541)**	**2,867,541**
If GBP increases in value against TL by 10%				
4- Net asset / liability in GBP	(8,042)	8,042	(8,042)	8,042
5- Hedged amount against GBP risk (-)	-	-	-	-
6- Net effect of GBP (7+8)	**(8,042)**	**8,042**	**(8,042)**	**8,042**
TOTAL (3+6+9)	**(2,599,512)**	**2,599,512**	**(2,599,512)**	**2,599,512**

Forward foreign exchange purchase/sales contracts

The Group makes forward foreign exchange transaction contracts to cover 50% of the risks arising from payments and collections in definite foreign currencies. When expected sales and purchase transactions are performed, book values of the items protected against nonfinancial risk are adjusted.

The following table gives the detail of unrealized forward foreign exchange purchase/sales contracts which have not been realized yet as of the date of the report:

	Average exchange rate		Foreign currency		Contract value		Fair value	
Unrealized purchase/sales contracts:	**2013 TL**	**2012 TL**	**2013 TL**	**2012 TL**	**2013 TL**	**2012 TL**	**2013 TL**	**2012 TL**
US Dollar purchase								
Shorter than 3 months	2,0319	1,8572	99,885,240	26,560,740	95,093,225	27,672,080	5,669,713	(728,347)
Between 3-6 months	2,0866	1,8719	64,242,430	57,132,330	62,806,240	59,995,570	3,330,172	(1,579,121)
Euro purchase								
Between 3-6 months	2,9405	-	14,682,500	-	14,702,700		151,992	-
			178,810,170	**83,693,070**	**172,602,165**	**87,667,650**	**9,151,877**	**(2,307,468)**

The Group makes forward purchase/sales contracts to avoid from cash flow risk in order to be protected from the financial risks associated with foreign exchange rate fluctuations in future depending on the following transactions.

As of December 31, 2013, unrealized revenue which arises from the changes in the fair value of forward foreign exchange purchase/ sales contracts and is classified in the protection fund against financial risk in shareholders' equity corresponds to TL9,151,877 (Unrealized expense as of December 31, 2012 is TL2,307,468).

Considering its total foreign currency position, the Group made forward foreign exchange purchase/sales contracts with a maturity of 6 months and more in order to be protected from foreign exchange rate fluctuations in future and classified abovementioned risk to be protected from cash flow risk.

It is expected that purchases shall be performed in the first half of the year after the date of the balance sheet, therefore related fund in shareholder's equity shall be included in stock cost of the fund. It is anticipated that raw materials shall be sold after being used in production within 12 months and the fund in shareholders equity shall effect profit/loss within 12 months.

b.3.2) Interest rate risk management

Borrowing of the Group on fixed and floating interest rates exposes the Group to interest rate risk. Related risk is managed by the Group through creating an appropriate distribution of fixed and floating rate-loans by means of interest rate swaps and forward interest rate contracts. Strategies to avoid risk are regularly evaluated to be accordant with interest rate expectation and defined risk. Thus, the Group aims at creating the strategy to avoid optimum risk, revise position of the balance sheet and control the interest expenses under different interest rates.

Price sensitivity of shareholder's equity

The following sensitivity analyses are defined according to share price risks exposed on the date of reporting.

If all other variables are constant and data in the evaluation procedure has increased/decreased by 10% on the date of reporting:

- Net profit/loss shall not be affected as of December 31, 2013 as long as investments in shares are classified as marketable securities and are not sold out or devaluated.

Sensitivity of the Group on share prices did not show an important change compared to the previous year.

25. FINANCIAL INSTRUMENTS (EXPLANATIONS ON FAIR VALUES AND EXPLANATIONS WITHIN THE FRAME OF HEDGING ACCOUNTING)

December 31, 2013	Loans and receivables (including cash and cash equivalents)	Financial instruments shown with fair values	Financial liabilities shown as amortized value	Book value	Note
Financial Assets					
Cash and cash equivalents	172,260,139	-	-	172,260,139	28
Trade receivables	202,859,132	-	-	202,859,132	4
Other financial assets	-	11,852,610	-	11,852,610	23
Financial liabilities					
Trade liabilities	-	-	379,591,263	379,591,263	4
Other financial liabilities	-	2,700,733	-	2,700,733	23

December 31, 2012	Loans and receivables (including cash and cash equivalents)	Financial instruments shown with fair values	Financial liabilities shown as amortized value	Book value	Note
Financial Assets					
Cash and cash equivalents	118,790,338	-	-	118,790,338	28
Trade receivables	164,056,466	-	-	164,056,466	4
Financial liabilities					
Trade liabilities	-	-	204,003,090	204,003,090	4
Other financial liabilities	-	2,307,468	-	2,307,468	23

(*) The Group management thinks that book values of the financial instruments reflect their reasonable prices.

Fair Value of the Financial Instruments:

Fair value of the financial assets and liabilities is determined as follows:

Second level: Financial assets and liabilities are valuated from the stock price of the related asset or liability specified as the first level or indirectly from the inputs used to find the observable price in the market.

Level classifications of financial assets and liabilities shows with their fair values:

Several financial assets and liabilities of the Group are reflected on the financial statements through their fair values on each date of balance sheet. The following table gives information about the procedure to determine the fair values of the related financial assets and liabilities:

Financial Assets/ Financial Liabilities	Fair Value		Fair Level	Valuation method	Inputs which are not based on the important observable data	Relation between fair value and the inputs which are not based on observable data
	December 31, 2013	December 31, 2012				
Forward contracts of foreign currency	9,151,877	(2,307,468)	Second Level	Discounted cash flow management: Future cash flows estimated by using forward exchange rates (observable forward exchange rates at the end of the reporting period) and contract rules is discounted through using a rate reflecting the credit risk of various parties.	-	-

26. EVENTS AFTER REPORTING PERIOD

Within the frame of restructuring operations, merger of the main partner of the Group, Prysmian (Dutch) Holdings B.V and one of the group companies of Prysmian Group, Draka Holding N.V as of 01 February 2014 was decided. As a result of the merger, main partner of the Group became a Prysmian Group company, Draka Holding N.V. and it owned 83.75% of shares in the Group.

After the merger, Draka Holding N.V which is the dominant partner changes the company type, so its trade name was changed as Draka Holding B.V.

27. OTHER POINTS WHICH AFFECT THE FINANCIAL STATEMENTS SIGNIFICANTLY AND SHOULD BE EXPLAINED TO MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND COMPREHENSIBLE

Not available (December 31, 2012: Not available).

28. COMMENTS ABOUT THE CASH FLOW STATEMENT

	December 31, 2013	December 31, 2012
Cash – TL	1,614	781
Cash – Foreign currency	28,422	17,493
Bank – Current deposit	1,866,768	530,534
Bank – TL – Time deposit	31,920,000	35,650,189
Bank - Foreign exchange deposit accounts	192,204	294,567
Bank – US Dollar – Time deposit	81,978,983	57,772,211
Bank – Euro - Time deposit	52,649,104	21,017,433
German checks	3,623,044	3,507,130
	172,260,139	118,790,338

Maturity dates and interest rates of time deposits are as follows:

	December 31, 2013		December 31, 2012	
	Maturity	Interest rate (%)	Maturity	Interest rate (%)
TL Time Deposits	Overnight	8.50	Overnight	7.50
TL Time Deposits	-	-	32 Days	8.50
FC Time Deposits US Dollar	Overnight	2.65	Overnight	2.50
FC Time Deposits US Dollar	32 Days	3.10	32 Days	3.45
FC Time Deposits US Dollar	-	-	42 Days	3.25
FC Time Deposits EURO	Overnight	2.65	Overnight	2.50
FC Time Deposits EURO	32 Days	3.10	-	-

Comments about the features of the risks of cash and cash equivalents and their levels are explained through 24 notes.

Cash and cash equivalents shown in consolidated cash flow statements as of December 31, 2013 and 2012 are indicated below:

	December 31, 2013	December 31, 2012
Cash and cash equivalents	172,260,139	118,790,338
Interest rediscounts (-)	(204,202)	(185,189)
	172,055,937	**118,605,149**

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)** 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 **23rd 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 is foundation and that reflects the institutional values held by companies.

	Istanbul Stock Exchange Institutional Management Score	
MAIN SECTIONS	**WEIGHT**	**SCORE (%)**
Shareholders:	25%	89.36%
Public Disclosure and Transparency:	25%	82.04%
Stakeholders:	15%	91.67%
Board of Directors:	35%	85.56%
TOTAL:	**100%**	**86.55%**

Whereas in 2013, Türk Prysmian Kablo has once again certified its adequacy in and compliance to the relevant values with an Institutional Management score of 8.65 on a 10 score basis (86.5%), corresponding to an increase of 0.21 as compared to the former year, according to the results of the assessment made by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. conducting institutional management rating activities under the license of the Capital Market Board (SPK) in Turkey under the main headings of "Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors" summarized above in line with the communiqué of the Capital Market Board on the amendment of the Communiqué Serial: IV No: 63 Related to the Determination and Implementation of Institutional Management Principles published in the Official Gazette no. 28567 of 22.02.2013. This assessment was made in the framework of the methodology determined by SPK and changed with the new regulations. While the fulfillment of the elements obligatory to be obeyed within the institutional management principles was formerly graded on a basis with 100 ceiling score, the new methodology has limited to this ceiling score to 85. With this change, it was now only possible for the companies to obtain a score over 85 by providing improvements in addition to the obligatory elements of the principles that need to be obeyed. Justly proud to be among these companies, Türk Prysmian Kablo Sistemleri A.Ş. is aiming to continue its rise that has been going on since 2009.

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)**.

In the activity period ending on 31st 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
Ercan Karaismailoğlu	Financial & Administrative Affairs Director – Member of the Board of Directors	(224) 270 3000	tpks@prysmiangroup.com
Nevin Kocabaş	General 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 compliant 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** and can forward their other questions to the following e-mail address, telephone and fax numbers.

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

The Company articles of association dot 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 (29th 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)**, the web page **(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 27th 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 2013: **18**

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)** 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.

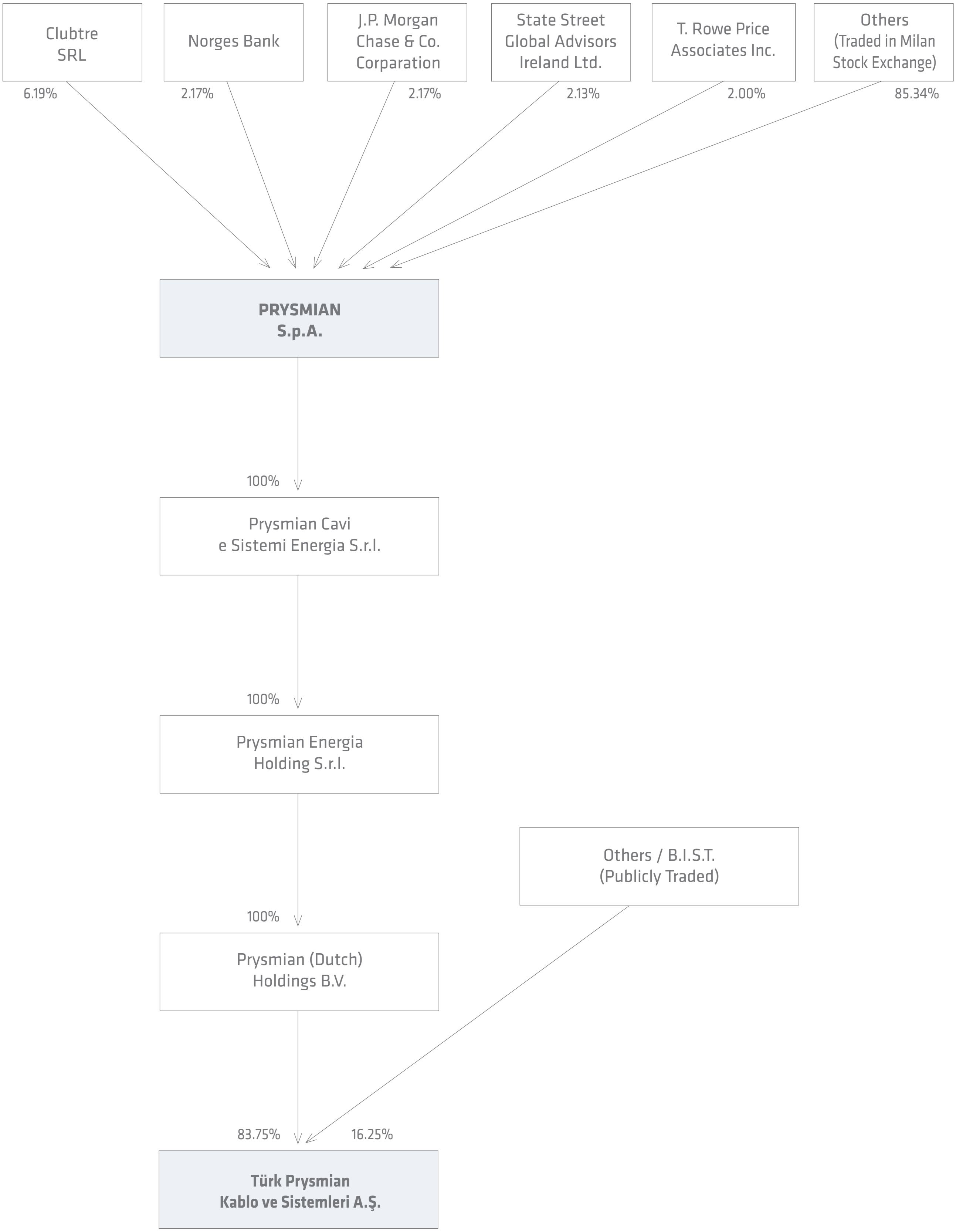
At the Corporate Web Page of the Company, in addition to the obligatory information that needs to be disclosed as per the legislation, the following information minimally for the last five years are also submitted to the attention of the investors:

- 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 PRYSMİAN KABLO VE SİSTEMLERİ A.Ş.
AS OF 31ST OF DECEMBER 2013



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:	
Mahmut Tayfun Anık	Chairman of the Board of Directors & Member of the Auditing Committee
Hans GS Hoegstedt	Vice Chairman of the Board of Directors & General Manager
Fabio Ignazio Romeo	Member of the Board of Directors & Member of the Auditing Committee
Ercan Karaismailoğlu	Member of the Board of Directors & Financial and Administrative Affairs Director
Halil İbrahim Kongur	Member of the Board of Directors & Factory Director
Ali Aydın Pandır	Independent Member of the Board of Directors
Neslihan Tonbul	Independent Member of the Board of Directors
Mehmet Emin Tutan	Independent Member of the Board of Directors
Erkan Aydoğdu	Logistics and R&D Director
İbrahim Etem Balkaç	Domestics Sales Director
Ufuk Çolak	Marketing and Business Development Manager
Aydan Biltekin Gökdağ	Internal Auditing Manager
Faik Kürkçü	Commitment Group Sales Director
Sabri Levent Özçengel	Human Resources Director
İlhan Öztürk	Special Cables Sales Director
Murat Tezcan	Export Sales Director
Yiğit Türsoy	Legal Affairs Director
Sevda Yücel	Purchasing Director
Esat Baykal	Quality Manager
İdris Çolakgil	Information Technologies Manager
Can Durgun	Planning and Control Manager
Sezgin İslamoğlu	Production Manager
Gaye Yurdaşen Kantar	Credit and Risk Management Manager
Nevin Kocabaş	Genera Accounting & Investor Relations Manager
Figen Tamuroğlu	Treasury Manager
Celal Uruçay	Industrial Improvement Manager
Okay Yıldız	Technical Service Manager

INDEPENDENT AUDITING BODY: (DRT Bağımsız Denetim ve SMMM A.Ş.)	
Özkan Yıldırım	Responsible Auditor
Enis Alphan Göğüş	Senior Auditor
Umut Ardıç	Auditor Assistant
Sevdiye Ersoy	Auditor Assistant

TAX AUDITING BODY: (Mazars-Denge Yeminli Mali Müşavirlik A.Ş.)	
Şevki Boran	Sworn Financial Advisor / Responsible Partner
Nazan Yücetaş Boran	Sworn Financial Advisor / Responsible Partner
Cihan Akşar	Tax Auditing Manager

OTHER PERSONS:	
Hafize Nazan Çekmeci	Publisher (Net Agency Advertisement Promotion and Publishing Services)
Süalp Çekmeci	Designer (Net Agency Advertisement Promotion and Publishing Services)
Adv. Cansu Yitmen	Lawyer

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 1st 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	Mahmut Tayfun Anık		X	
Vice Chairman	Hans G. S. Hoegstedt	X		
Member	Fabio Ignazio Romeo		X	
Member	Ercan Karaismailoğlu	X		
Member	Halil İbrahim Kongur	X		
Member	Ali Aydın Pandır			X
Member	Neslihan Tonbul			X
Member	Mehmet Emin Tutan			X

POSITION	MEMBERS	INITIAL ASSIGNMENT	MOST RECENT ASSIGNMENT
Chairman	Mahmut Tayfun Anık	27th of July, 2006	30th of March 2012
Vice Chairman	Hans G. S. Hoegstedt	1st of July, 2011	30th of March 2012
Member	Fabio Ignazio Romeo	22nd of August, 2005	30th of March 2012
Member	Ercan Karaismailoğlu	25th of March 2011	30th of March 2012
Member	Halil İbrahim Kongur	30th of March 2012	30th of March 2012
Member	Ali Aydın Pandır	30th of March 2012	30th of March 2012
Member	Neslihan Tonbul	30th of March 2012	30th of March 2012
Member	Mehmet Emin Tutan	30th of March 2012	30th of March 2012

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.,

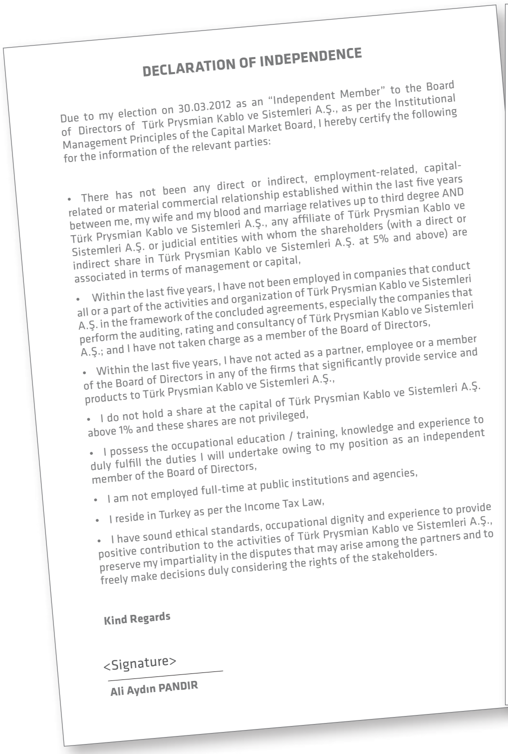
• I do not hold a share at the capital of Türk Prysmian Kablo ve Sistemleri A.Ş. above 1% and these shares are not privileged,

• 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.



DECLARATION OF INDEPENDENCE

Due to my election on 30.03.2012 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,

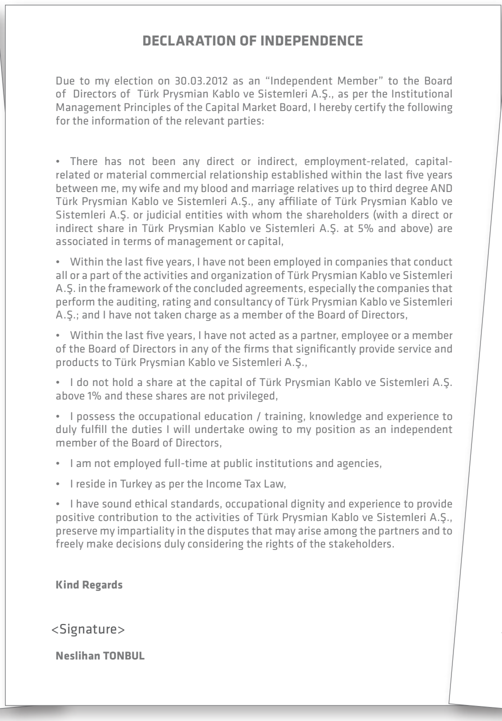
• I reside in Turkey as per the Income Tax Law,

• 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.

Kind Regards

<Signature>

Ali Aydın PANDIR



DECLARATION OF INDEPENDENCE

Due to my election on 30.03.2012 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,

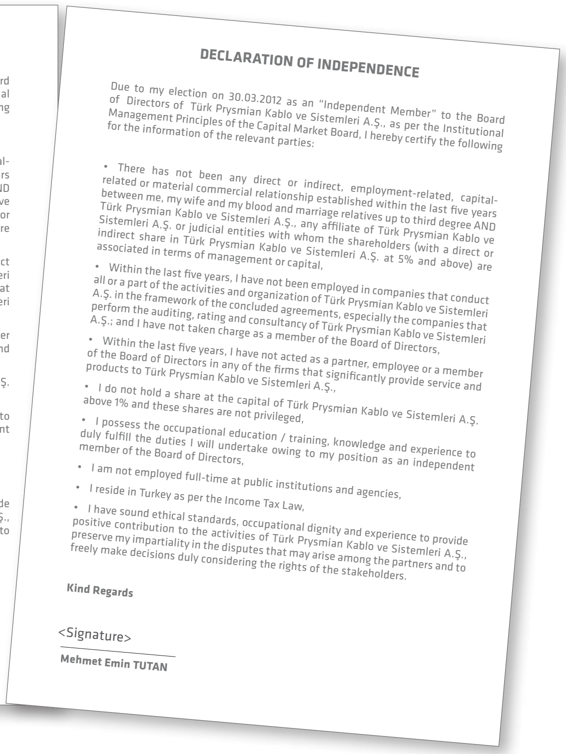
• I reside in Turkey as per the Income Tax Law,

• 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.

Kind Regards

<Signature>

Neslihan TONBUL



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Kind Regards

<Signature>

Mehmet Emin TUTAN

Ali Aydın Pandır
Independent Board Member

Neslihan Tonbul
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 Prsymian 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 2.17.4 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 2013 activity period, **16 meetings** have been convened by the Board of Directors.

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 patters 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 Prysmian 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.** Prysmian 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, Neslihan Tonbul

Name of Committee	Number of Annual Meetings (Minimum)	Number of Members	Number of Independent Members
Early Risk Detection and Risk Management Committee	4	2	2

Members of the Early Risk Detection and Risk Management Committee: Ercan Karaismailoğlu, Ali Aydın Pandır

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

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

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.

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

Mahmut Tayfun ANIK

TÜRK PRYSMİAN 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.

Türk Prysmian Kablo ve Sistemleri A.Ş.

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Prysmian
Group