

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.
RELATED PARTY TRANSACTIONS REPORT
2014

1. GENERAL INFORMATION

This report has been prepared in accordance with article 5 of the Communiqué Serial: IV.41 and article 10 of the Communiqué Serial II.17.1 of the Capital Markets Board. According to this declaration; if there are frequent and continuous commercial relations/ transactions between group companies and these commercial relations are more than %10 of the gross sales or %10 of the assets of company, report of frequent and continuous commercial relations between group companies has to be prepared.

This report has to clarify that transactions between the related group companies are fair according to market conditions.

In 2014, Türk Prysmian Kablo ve Sistemleri A.Ş.' transactions with related parties have not exceeded the 10% limit; transactions will be performed in accordance with the principles described in this report.

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

Our Company started to carry out its operations under the title Türk Prysmian Kablo ve Sistemleri A.Ş. as a result of the international share transfer in 2005 after the ownership of the cable factory owned by Türk Siemens, which was found in 1964 in Mudanya , was transferred to Pirelli in 1999.

Our Company is a foreign capital company carrying out the "Manufacturing and Sale of Energy and Communication Cables". Its line of business includes the manufacturing, import, export and trading of all sorts of cables, conductors, machinery, apparatus, tools and equipment as well as their spare parts and accessories.

The Prysmian Group, which our company is a subsidiary of, is an industry leader with over 20.000 personnel in 91 manufacturing facilities in more than 50 countries and an annual revenue of more than EUR8 billion.

Our Company continues its operations as an incorporated company with Draka Holding B.V. (83,75%) being the majority shareholder. 16,25% of publicly-traded Türk Prysmian are traded at the Istanbul Stock Exchange Inc.

1.2 Information About Related Companies

1.2.1 Subsidiaries

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

1.2.2 Purchases from Related Parties

Title	Main Activity	Publicity Status	Total Assets (*)	Net Sales (*)	Profit From Main Activity (*)	Currency
Prysmian Finland Oy	Telecom Cable and Fiber Manufacturing and Trading	No	211.595	279.616	12.092	Euro
Prysmian Wuxi Cable Company Ltd	Telecom Cable Manufacturing and Trading	No	353.846	348.785	27.456	Yuan
Prysmian Tianjin Cables Co. Ltd.	Energy Cable Manufacturing and Trading	No	609.974	449.298	-19.465	Yuan
Prysmian Kabel und Systeme GmbH	Energy Cable Manufacturing and Trading	No	183.952	432.806	11.089	Euro
Draka Comteq Germany GmbH & Co.KG	Telecom Cable Manufacturing and Trading	No	59.549	143.959	-3.327	Euro
Draka Cable Wuppertal GmbH	Energy Cable Manufacturing and Trading	No	273.999	129.959	-3.784	Euro
Draka Comteq Berlin GmbH & Co KG	Telecom Cable Manufacturing and Trading	No	18.509	58.587	-2.560	Euro
Prysmian Denmark A/S	Energy Cable Manufacturing and Trading	No	320.200	405.732	-32.586	Krone

Prysmian Spain S.A	Energy Cable Manufacturing and Trading	No	297.581	267.676	-66.678	Euro
Draka Comteq Iberica S.L.U	Telecom Cable Manufacturing and Trading	No	53.636	66.798	-1.907	Euro
Prysmian Cables et Systèmes France SAS	Energy / Telecom Cable Manufacturing and Trading	No	653.856	603.534	37.703	Euro
Draka Comteq France SAS	Telecom Cable and Fiber Manufacturing and Trading	No	425.458	170.095	3.606	Euro
Prysmian Cables & Systems Limited	Energy / Telecom Cable Manufacturing and Trading	No	320.868	486.597	8.808	Sterlin
Prysmian Metals Ltd	Metal Trading	No	2.483	726.989	426	Euro
Draka Comteq UK Limited	Telecom Cable Manufacturing and Trading	No	11.661	26.382	-188	Sterlin
Prysmian MKM Magyar Kabel Muvek Kft	Energy Cable Manufacturing and Trading	No	19.627	71.072	245	Fiorin
P.T. Prysmian Cables Indonesia	Energy Cable Manufacturing and Trading	No	28.464	53.260	152	USD
Fibre Ottiche Sud - F.O.S. S.r.l.	Fiber Manufacturing and Trading	No	108.504	46.991	-24.524	Euro
Prysmian Cavi e Sistemi Italia S.r.l.	Energy Cable Manufacturing and Trading	No	238.867	376.532	2.664	Euro
Prysmian Cavi e Sistemi Energia S.r.l.	Energy Cable Manufacturing and Trading	No	1.246.522	4.909	25.737	Euro
Prysmian Spa	Holding	No	2.562.997	451.100	-24.645	Euro
Prysmian Netherlands B.V.	Energy Cable Manufacturing and Trading	No	81.565	46.456	627	Euro
Kabelbedrijven Draka Nederland BV	Energy Cable Manufacturing and Trading	No	269.693	189.633	8.997	Euro
Draka Comteq Fibre BV	Fiber Manufacturing and Trading	No	80.055	69.032	608	Euro

Draka Comteq Telecom B.V.	Telecom Cable Manufacturing and Trading	No	0	34.045	230	Euro
Prysmian Cabluri Si Sisteme S.A.	Energy / Telecom Cable Manufacturing and Trading	No	351.223	434.676	14.478	Ley
Draka Comteq Slovakia s.r.o.	Telecom Cable Manufacturing and Trading	No	13.729	42.466	1.360	Euro

* 2013 data are divided by 1.000 in the corresponding currency.

** The list of group companies consists of potential group companies from where services and goods can be procured.

1.3 Information about the Conditions of Transactions between the Related Parties and Their Alignment with Market Conditions

1.3.1 Purchases from Related Parties

Due to the competitive nature of the industry and in order to satisfy the technological qualification requirements, companies are bidding for the projects together with their group companies, the total amounts relating to the procurement of commercial goods and services from related companies in addition to our company's general production and commercial activities in the year 2014 are as follows due to the "DB.KAB.7 Lapseki – Sütlüce 380kV Submarine Cable" project, where preparations were completed in 2013 and cable laying was commenced in 2014.

January 1 - December 31, 2014		
Transactions with affiliates	Purchases of goods	Purchases of services
Prysmian Cables and Systems OY/FINLAND	33.026.397	-
Prysmian Cables y Sistemas S.A.	29.001.117	-
Prysmian Cavi e Sistemi S.r.l.	434.745	21.843.084
Draka Comteq Berlin GmbH & Co. KG	4.912.505	-
Prysmian Cavi e Sistemi Italia S.r.l.	17.081.381	-
P.T. Prysmian Cables Indonesia	1.259.947	-
Prysmian S.p.A	10.962.205	520.590
Prysmian Kabel und System GmbH.	4.311.053	-
Prysmian Cables & Systems Ltd.	781.974	-
Fibre Ottiche Sud - F.O.S. S.r.l.	5.053.563	-
Draka Comteq UK Limited	2.630.086	-
Draka Comteq Fibre BV	561.430	-
Draka Cable Wuppertal GmbH	1.080.784	-
Prysmian Cables et Systemes France	482.466	-
Draka Norsk Kabel AS Drammen	660.911	-
Prysmian Romania Cabluri Si Sisteme	148.315	-
Draka Kabely SRO	239.372	-
Draka Comteq Germany GmbH	2.828.608	-
Prysmian Cables and Systems B.V.	1.492.632	-
Prysmian Power Link Srl Milan	33.158.929	-
Draka Comteq Iberica S.L.	132.972	-
Prysmian Metals Ltd.	-	-
Diğer İlişkili Şirketler	219.807	-
	150.461.199	22.363.674

Within our goods procurements of TL 150.461.199 from our related companies within the year 2014;

- The total amount of (year 2014) of raw material, commercial goods and other procurements made from related companies totalling TL84.275.873 was lower than 10% of the cost of sales in the financial statements.
- Price of commercial goods and technical services, TL66.185.326 of which is procured for the DB.KAB.7 Lapseki – Sütlüce 380kV Submarine Cable project. The total amount of (year 2014) of raw material, commercial goods and other procurements made within the scope of the project was lower than 10% of the cost of sales in the financial statements, as explained in the annex to the consolidated financial statements.
- The amount of TL22.363.674 comprises of procurement of intra-group services and royalty fees. The amount of commercial goods and services procurements that were publicly disclosed was lower than 10% of the cost of sales in the financial statements of the last year (year 2014).

1.3.2 Sales to Related Parties

The sales we have made to our related companies in 2014 are listed below on company basis. All of the sales are commercial goods.

	January 1 - December 31, 2014
Transactions with affiliates	Sales of goods
Prysmian Cavi e Sistemi Italia S.r.l	27.762.212
Prysmian Cables et Systemes France	4.518.259
Prysmian Cables & Systems Ltd.	8.122.066
Prysmian Cables y Sistemas S.A.	-
Prysmian Cabluri si Sisteme S.A.	1.245.495
Draka Istanbul Asansor Ihracaat Ihr.Ltd.Şti.	39.349
P.T.Prysmian cables Indonesia	47.759
Prysmian Kabel und Systeme GmbH	-
Prysmian PowerLink Srl	70.500
Singapore Cables Manufacturers Pte Ltd	397.764
Draka Kabely S.R.O.	109.067
Prysmian Kablo s.r.o.	78.228
Draka Cableteq USA INC	2.061.328
Draka Comteq Berlin GmbH & Co. KG	330.048
Draka Comteq UK Limited	189.025
Draka Offshore Asia Pasific Pte Ltd Singapore	-
Prysmian Telecom Cables & Systems Austuralia	54.253
Diğer İlişkili Şirketler	70.552
	45.095.905

Besides; the project progress billing invoiced to Türk Prysmian - Prysmian Powerlink Partnership, which has been found solely for taxation purposes, within the scope of the “DB.KAB.7 Lapseki – Sütlüce 380kV Submarine Cable” project are invoiced by the partnership to TEİAŞ without adding any mark-up.

Within this scope, the progress billing amount issued to Türk Prysmian - Prysmian Powerlink Partnership in 2014 by our company due to the project is as follows:

Type of Transaction	Amount (TL)
Progress Billing (Sale of Services+Goods)	103.262.265

Our company realized TL103.262.265 TL progress billing (services and goods) to its subsidiary Türk Prysmian - Prysmian Powerlink Partnership in 2014, where the amount of sales that were publicly disclosed was higher than 10% of the revenues in the financial statements of the last year (year 2014), and the partnership was found, as explained hereinabove, solely for taxation purposes and is eliminated in our consolidated financial statements.

To this end, the amount of our commercial goods sales detailed in the annex to the consolidated financial statements was lower than 10% of the revenues in the financial statements (year 2014).

2. Information about the Conditions of Transactions between the Related Parties and Their Alignment with Market Conditions

2.1 Disclosures about Purchases

Our company manufactures some of the goods sold in its own facilities, and some of the goods are supplied by international group companies within the scope of specialty product orders. There is a division of labour in terms of specialization regarding cables and accessories among our group companies operating in more than 50 countries, and our company supplies both the commercial goods and products it sells and technical services from group companies which satisfy the group quality and supply requirements within the frame of the group transfer pricing directive.

The price charged to related companies within the scope of the Group Transfer Pricing Directive for the sale of goods and services is set based on adding a Mark-Up on top of the “variable costs”, which are specifically determined for the manufacturing company and under the competitive conditions of the country it is located, for the entire group by product group basis. On the other hand, because in services procured from group companies, “the actual cost is determined and the price is reflected to include no mark-up” in services produced by distributing the management and IT expenses (SAG) born on behalf of the Group at our company’s group headquarters within the scope of the Group’s Transfer Pricing Directive among group companies, the optimum Transfer Pricing method to be used in relation to consistency with precedent is set by using Cost Plus zero Mark-Up.

2.2 Disclosures about Sales

The project progress billing invoiced to Türk Prysmian - Prysmian Powerlink Partnership, which has been found solely for taxation purposes within the scope of the “DB.KAB.7 Lapseki – Sütlüce 380kV Submarine Cable” project using the Cost plus Mark-Up method are invoiced by the Partnership to TEİAŞ without adding any mark-up. Therefore, it is understood that our sale to the related party is actually the contract price agreed with the non-related TEİAŞ and that it is exactly reflected using the Cost plus Zero Mark-Up method. Within the scope of this project, cost plus mark-up method was used in our intra-group procurements, and the transactions were carried out in line with the Group’s transfer pricing policy, according to market conditions and ordinary business practices.

3. CONCLUSION

The Report's conclusion covering the company's relationship with the parent company and subsidiaries as per the provisions of the Turkish Commercial Code no 6102 and the Capital Markets legislation;

- It was understood that our Company's long-term and continuous purchase of commercial good and services from its affiliates was not more than 10% of the cost of sales in the publicly disclosed 2014 financial statements, and that the selling transactions was not more than 10% of the total revenues in the publicly disclosed 2014 financial statements,
- That the transactions with our affiliates were carried out, by way of making counter promises measuring up with its peers, in line with the group transfer pricing directives and in conformity with Transfer Pricing rules with no distinction of countries or companies as per our company's board resolution of 09.05.2014 no 2014/16 and that they were reasonable within the frame of commercial standards;
- The audits and assessments found that, according to the known circumstances and conditions relating to Affiliated Party Transactions; in each legal transaction between our Company Türk Prysmian Kablo ve Sistemleri A.Ş. and the parent company and subsidiaries mention in article 199 of the Turkish Commercial Code, a suitable counter promise was ensured in each legal transaction in 2014, with no taken or avoided measures or the Company suffered no losses because a certain measure was taken or avoided.

As there were no losses, there was no need for loss offsetting.