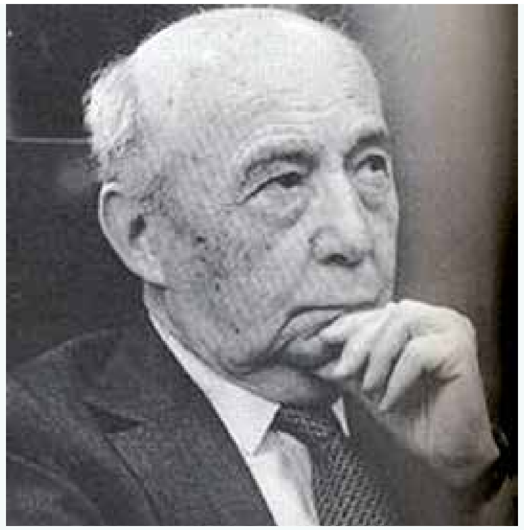
IF NOT US, THEN WHO

KOÇ HOLDİNG
ANNUAL REPORT 2014

Corporate Values

The corporate values set by our founder Vehbi Koç will continue to inspire our Group in the future, just as they always have in the past.



Vehbi Koç
Founder

THE CUSTOMER IS THE FOCUS OF EVERYTHING WE DO.

TO BE “THE BEST” IS OUR ULTIMATE GOAL.

OUR MOST IMPORTANT ASSET IS OUR PEOPLE.

CREATION OF WEALTH FOR CONTINUOUS DEVELOPMENT IS OUR KEY OBJECTIVE.

HONESTY, INTEGRITY AND SUPERIOR BUSINESS ETHICS ARE THE FOUNDATIONS OF OUR BEHAVIOR.

Our Strategy

BE ACTIVE IN THOSE SECTORS WHERE WE CREATE DIFFERENTIATION AND HAVE A COMPETITIVE ADVANTAGE

EXECUTION POWER

We combine our strong management philosophy with international partnerships and our superior competitive advantages with long-term strategies.

MINIMIZE SECTOR AND GEOGRAPHIC RISKS THROUGH A DIVERSIFIED PORTFOLIO STRUCTURE

RISK MANAGEMENT

Our robust balance sheet and diversified portfolio structure minimize sectoral and geographical risks. We are focused on efficiency and sustainable profitability.

MAKE THE MOST OF OUR BRAND STRENGTHS AND TECHNOLOGICAL COMPETENCE

SUSTAINABLE GROWTH

With the highest R&D spending in Turkey, we combine innovation with an extensive product range and enhance our competitiveness by offering our customers outstanding service quality.

DERIVE MAXIMUM BENEFITS FROM ECONOMIES OF SCALE BY BEING THE MARKET LEADER OR A CLOSE SECOND IN EVERY BUSINESS WE OPERATE

LEADERSHIP

We are leaders in sectors with high growth potential and low penetration levels with the strong brands we have created.

SECTORS	SHARE IN COMBINED SALES	SHARE IN COMBINED OPERATING PROFIT	COMPANIES/INTERNATIONAL PARTNERSHIPS	COMPETITIVE ADVANTAGES	MARKET POSITION
ENERGY	51%	10%		• One of the world's most complex refineries • Wide range of crude oil processing capacities • Proximity to oil producers in the Middle East • Operating in a high demand environment • Widespread LPG and fuel oil distribution network • Strong brand value • High and sustainable customer satisfaction	
Refinery			Tüpraş[1]		Leader - Sole player
Fuel Distribution			Opet		2nd - 18%
LPG Distribution			Aygaz[1]		Leader - 29%
Power Generation			Entek		
Natural Gas			Aygaz Doğal Gaz		
Other			Akpa, Demir Export		
AUTOMOTIVE	20%	26%		• 40% of Turkey's automotive production • 23% of domestic automotive sales • 37% of Turkey's automotive exports • High growth potential due to low penetration rates • Widest sales, post-sales and service network • Strong international partnerships • Highest number of R&D employees in Turkey's automotive industry • Ongoing investment program • Focus on efficiency and product diversification • Turkey's largest private capital defense company	
Automotive			Ford Otosan[1] / Ford Motor Co. Tofaş[1] / Fiat Auto S.p.A.		Leader - 23%
Passenger Cars					*3rd - 14%*
Commercial Vehicles					*Leader - 49%*
Farm Tractors			TürkTraktör[1] / Case New Holland		Leader - 49%
Defense Industry			Otokar[1]		Leader
CONSUMER DURABLES	10%	15%		• Low cost production centers: Turkey, Romania, Russia, China and South Africa • Widest sales, post-sales and service network in Turkey • One of Europe's leading home appliance manufacturers • Exports to more than 100 countries around the world • Strong brand value • Focus on growth with the target of becoming a global brand • High and sustainable level of customer satisfaction • Patent champion of Turkey	
White Goods & Consumer Electronics			Arçelik[1]		Leader
Air Conditioners			Arçelik LG Klima / LG Electronics		Leader
BANKING AND INSURANCE	13%	48%		• Deep rooted experience of 70 years • Continuously expanding, innovative service and branch network • Powerful bank with over 1,000 branches • Customer oriented, smart growth strategy • Strong and diversified funding base • Configuration that provides services under the same structure for all financial needs of customers	
Banking			Yapı Kredi Bankası[1] / UniCredit		4th[2], Leader[3] - 21%
Leasing			Yapı Kredi Leasing		Leader - 18%
Real Estate Investment Trust			Yapı Kredi Koray[1]		
Factoring			Yapı Kredi Faktoring		Leader - 15%
Brokerage			Yapı Kredi Yatırım Menkul Değerler		2nd
Asset Management			Yapı Kredi Portföy Yönetimi		2nd
Consumer Finance			Koç Finansman		Leader
OTHER LINES OF BUSINESS	6%	2%		• Leadership positions in sectors with high growth potential • Strong brand values • Widespread distribution networks • Ongoing investments in line with growth opportunities	
Food Production			Tat Gıda[1] / Kagome, Sumitomo		Leader[4]
Food Product Distribution			Düzey		
DIY Retailing			Koçtaş / B&Q		Leader
Tourism			Setur, Divan, Mares[1]		
Marina Operations			Setur Marinaları		Leader
IT			KoçSistem, Bilkom		
Ship & Yacht Construction			RMK Marine		

[1] Publicly traded companies. [2] Private sector asset size.
[3] Credit card balances. [4] Tomato paste, tomato products, ketchup, premium pasta and pasteurized milk.

Koç Group

KOÇ HOLDİNG: TURKEY'S LEADING INVESTMENT HOLDING COMPANY

KOÇ HOLDİNG IS TURKEY'S LEADING INVESTMENT HOLDING COMPANY AND KOÇ GROUP IS TURKEY'S LARGEST INDUSTRIAL AND SERVICES GROUP IN TERMS OF REVENUES, EXPORTS, TAXES PAID, SHARE IN BORSA İSTANBUL'S MARKET CAPITALIZATION AND EMPLOYMENT GENERATION.

LEADER AND GLOBAL PLAYER

KOÇ GROUP FOCUSES ON SUSTAINABLE AND PROFITABLE GROWTH WITH CONSISTENT LEADERSHIP POSITIONS IN TURKEY AS WELL AS IN THE REGION WITH THE AIM OF BECOMING AN IMPORTANT PLAYER WORLDWIDE.

CREATING VALUE FOR ITS STAKEHOLDERS FOR 89 YEARS

BECOMING EVER STRONGER OVER THE PAST 89 YEARS DESPITE ECONOMIC VOLATILITY IN TURKEY, KOÇ HOLDİNG'S MAIN OBJECTIVE IS TO CREATE VALUE FOR ITS STAKEHOLDERS.

Contents

Agenda of the Ordinary General Assembly

1. Opening and election of the Chairmanship Committee,
2. Presentation for discussion and approval of the Annual Report of the Company for the year 2014 as prepared by the Board of Directors,
3. Presentation of the summary of the Independent Audit Report for the year 2014,
4. Presentation for discussion and approval of the Financial Statements of the Company for the year 2014,
5. Release of each member of the Board of Directors from liability for the affairs of the Company for the year 2014,
6. Approval of the change in the membership of the Board of Directors under Article 363 of the Turkish Commercial Code,
7. Approval, approval with modifications, or rejection of the Board of Directors' proposal on distribution of profits for the year 2014 and the distribution date,
8. Resolution of the number of the members of the Board of Directors and their terms of office, and election of the members of the Board of Directors including the Independent Board Members accordingly,
9. In accordance with the Corporate Governance Principles, presentation to the shareholders and approval by the General Assembly, of the "Remuneration Policy" for the members of the Board of Directors and the Senior Executives and the payments made thereof,
10. Resolution of the monthly gross salaries to be paid to the members of the Board of Directors,
11. Approval of the appointment of the Independent Audit Firm as selected by the Board of Directors, in accordance with the provisions of the Turkish Commercial Code and Capital Markets Board regulations,
12. Presentation to the shareholders, of the donations made by the Company in 2014, and resolution of an upper limit for donations for the year 2015,
13. In accordance with Capital Markets Board legislation, presentation to the shareholders, of the securities, pledges and mortgages granted in favor of third parties in the year 2014 and of any benefits or income thereof,
14. Authorizing the shareholders holding the management control, members of the Board of Directors, senior executives and their spouses and relatives related by blood or affinity up to the second degree as per the provisions of articles 395 and 396 of the Turkish Commercial Code and presentation to the shareholders, of the transactions carried out thereof in the year 2014 pursuant to the Corporate Governance Communique of the Capital Markets Board,
15. Wishes and opinions.

Independent Auditor's Report on the Annual Report

To the Board of Directors of
Koç Holding Anonim Şirketi

Report on the Audit of the Annual Report of the Board of Directors in accordance with the Independent Auditing Standards

We have audited the annual report of Koç Holding A.Ş. ("the Company"), its subsidiaries and its joint ventures (together referred to as "the Group") for the year ended 31 December 2014.

Responsibility of the Board of Directors on the Annual Report
In accordance with Article 514 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets ("the Communiqué") of the Capital Markets Board ("CMB") of Turkey, the management of the Group is responsible for the preparation and fair presentation of the annual report consistent with the financial statements and for the internal controls considered necessary for the preparation of a report of such quality.

Responsibility of the Independent Auditor
Our responsibility is to express an opinion, based on the independent audit we have performed on the Group's annual report in accordance with Article 397 of the TCC and the Communiqué, on whether the financial information provided in this annual report is presented fairly and consistent with the Group's financial statements there on which the auditor's report dated 3 March 2015 has been issued.

Our independent audit has been performed in accordance with the Independence Auditing Standards as endorsed by the CMB and Independent Auditing Standards ("ISA") which are a part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report is free from material misstatement and consistent with the financial statements. This independent audit involves the application of auditing procedures in order to obtain audit evidence on the financial information. The selection of these procedures is based in the professional judgment of the independent auditor. We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the financial information provided in the annual report of the Board of Directors is presented fairly and consistent with the audited financial statements in all material respects.

Independent auditor's responsibilities arising from other regulatory requirements

In accordance with paragraph 3 of Article 402 of the Turkish Commercial Code ("TCC") 6102, within the framework of the ISA 570 "Going Concern," no material uncertainty has come to our attention which causes us to believe that the Group will not be able to continue as a going concern in the foreseeable future.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ethem Kutucular, SMMM
Partner

6 March 2015
Istanbul, Turkey

Honorary Chairman's Message

While private sector investments declined in the country, Koç Group reached the highest level of investment in its long, proud history.

Esteemed Shareholders,

I greet you with great pleasure and utmost respect and warmly welcome you to our General Assembly.

I extend my best wishes for a productive meeting, for you and for our Company, where we will review the developments of 2014.

A quick look across the globe reveals that 2014 was a challenging and busy year due to major political and economic developments in various regions and countries.

After suffering a devastating financial crisis a few years ago, the United States economy recovered and embarked on a solid growth trend last year thanks to the comprehensive corrective measures put in place. However, it was now Europe's turn to stagnate. Meanwhile, China, India and other Far East emerging markets began recording lower rates of economic growth after so many years of double-digit growth. Taking all this into consideration, major international financial institutions such as the IMF and the World Bank are issuing pessimistic forecasts for 2015 and 2016.

While the recent sharp drop in oil prices was initially expected to spark a global economic upturn, it is now thought, and observed, that this positive development will not be able to generate sufficient tailwind to do so.

We are now seeing sovereign and regional Central Bank efforts to implement expansionary monetary policy measures in order to kick-start their respective economies. The announcements and statements of the European, American, Japanese and Chinese Central Banks are currently merely theoretical constructs and their impact is limited to generating positive expectations.

Sectarian and power conflicts in several countries and regions along with related military flare-ups or terrorist attacks taking place alongside all of the aforementioned economic developments are resulting in due concerns and pessimism bubbling up in societies across the world.

Compared to these global developments and uncertainties, Turkey is enjoying a relatively stable period economically. It is a very encouraging sign that stability has been maintained through two major elections.

The strong performance of the Turkish economy, as clearly demonstrated in economic indicators of previous years, was impacted to some degree by the sluggish European markets that Turkey is most dependent on. We observe that the Turkish government recently began to implement new policies and measures to revive domestic demand in order to compensate for the slowdown in foreign markets.

The precipitous decline in oil prices, which will significantly impact many economic indicators as well as the government's domestic demand-boosting policies, allow us to assess the rest of the year with relative optimism. In the meantime, it is critically important for the continuation of economic and political stability that we follow through and make real progress on the sweeping structural reforms that have been on Turkey's agenda for some time now.

In my address to you last year, I had proclaimed my full faith in Turkey's long-term growth potential despite all the headwinds we were facing at that time. Between then and now, we at Koç Group have moved forward with our investments at full speed. As we promised, we launched projects that will contribute billions of dollars to Turkey's balance of payments. We created thousands of new jobs for our youth and initiated ventures that will equip our human capital with the most advanced technologies. While overall private sector investments declined in the country, Koç Group reached the highest level of investment in its long, proud history.

In the energy industry, Tüpraş's İzmit refinery was upgraded with state-of-the-technology thanks to a US$ 3 billion investment. In banking, we spent TL 426 million and expanded our distribution network to over 1,000 branches in order to serve our customers better. We also approved mega investment projects for our automotive companies. Ford Otosan completed and put into service a US$ 1.4 billion new model design and production investment while Tofaş initiated an investment project of similar magnitude. As a result, we created nearly 4,500 new employment opportunities with a total investment expenditure of TL 7.6 billion combined in 2014.

Arçelik has become a recognized brand name not only in Turkey but internationally. Moving up to second place in the European white goods market, Arçelik broke ground on a project to build a manufacturing facility in Thailand to complement its overseas production plants in Romania, Russia, China and South Africa. We built world-class manufacturing hubs in the automotive and white goods industries and increased our production capacity constantly, making outsized contributions to Turkey's exports and current account balances. In both sectors, we ship more than 60% of our production to export markets.

The Residuum Upgrade Project of Tüpraş, which became operational in 2015, will further enhance our contribution to Turkey's foreign currency exchange balance. To put it succinctly, we are proud to boost our country's name in world rankings in various sectors while providing major support to our economy.

As we carry out our diversified commercial and industrial activities, we also need to upgrade our technology continuously. In an era of dizzyingly fast evolving global competition, our companies are building R&D and engineering centers with millions of dollars of investment not only to keep pace but also to become one of the leading players in their markets. In addition to our product exports, we are also selling our technology to overseas markets.

Our Group also continues its strong support for social responsibility projects and initiatives that it has undertaken for many years.

Koç University School of Medicine Training Hospital began admitting patients in October 2014 in the Topkapı district of Istanbul. This 270-bed hospital is equipped at US standards and was built with a US$ 350 million investment.

Other educational, healthcare and cultural initiatives and projects of the Group are continuing at an ever-expanding scope.

Dear Shareholders,

Our next annual meeting will be held during the Group's 90th anniversary year. We have taken on so many challenges during this long history full of ups and downs; and we worked through them steadily and diligently, registering a countless number of accomplishments along the way. In addition to your unwavering support, our successful results were aided by our innate sense of duty to our country and its people as well as our sustainable, steadfast and dedicated management approach during this period.

As has always been the case in the past, any and all future accomplishments of the Group can only be secured with your contribution, trust and support. I would like to take this opportunity to thank all of our shareholders, customers, dealers, suppliers, subcontractors, business partners, trade unions and employees once again.

Rahmi M. Koç
Honorary Chairman

Chairman's Statement

We always focus on our business, taking a long-term approach, with a view toward serving our country.

Esteemed Koç Holding Investors and Shareholders, Dear Business Partners and Employees,

2014 was an eventful year across the entire globe in terms of both economic and political developments.

Favorable housing market and employment data coming out of the United States, where the global financial crisis started six years ago, suggested that much progress has been made in shaking off the effects of the downturn for good.

In response to this improving environment, the Federal Reserve Bank (Fed) gradually reduced the liquidity that it was pumping into the markets. The Fed is next expected to start raising interest rates from their current near-zero level.

On the other hand, the inability to boost growth rates to desired levels in the developed countries as well as in emerging markets topped the agenda of the G-20, the international platform that brings together the world's 20 largest economies. The Group of 20 adopted an action plan to accelerate economic growth and step up job creation at its November meeting.

In this environment, sentiment is increasing for both the governments in the Europe Union and the European Central Bank to pursue more aggressive pro-growth policies in 2015 despite Germany's noncommittal stance.

At this point in time, we are encouraged by and fully support the action plans for investment, growth, employment and equal opportunities for women that were announced by the G-20 presidency, which was assumed by Turkey in 2015.

I would also like to add that Corporate Turkey is fully prepared to do its part to help the country make this G-20 presidential term as successful as possible.

2014 was also an eventful year for Turkey. We experienced major events one after the other, each of which was a significant development on its own. These included local and presidential elections in Turkey, military conflicts in the Middle East and the perpetual humanitarian tragedy there with no end in sight, the Russia/Ukraine crisis, expectation of the Federal Reserve's interest rate hike, and the sharp fall in oil prices.

Despite these challenges, Koç Group posted another year of strong results in 2014. However, the most important development for us was the initiation of the projects that we had been proudly and enthusiastically working on for some time.

As we emphasize all the time, we always focus on our business, taking a long-term approach, with a view toward serving our country. Consequently, we completed our historic investments within scheduled timelines and planned budgets.

In accordance with this philosophy, and with the valuable efforts of all our employees, we have recorded many accomplishments that enable us to say, "If not us, then who?".

2015 will be a year in which we will reap the fruits of our new investments while continuing to develop future investment projects. We will keep on pursuing international growth opportunities as well as new product, brand, R&D and technology-related investments.

Additionally, we place particular importance on our risk management systems and policies in order to be able to successfully navigate any potential economic and geopolitical turbulence.

For the same reason, we find it indispensable to always maintain a sound financial position. As part of this effort, we prioritize each and every initiative to minimize our costs and increase efficiency. We actively manage our debt by extending its average maturity while paying close attention to our working capital management practices.

Naturally, our primary goal is to accomplish all the above while remaining committed to maintaining excellent relations with our customers, employees, dealers, suppliers and trade unions.

We continue to create value for our shareholders by emphasizing sustainability

We are pleased to see that our successful business results and long-term strategic perspective, our objective to safeguard the interests of all stakeholders while managing risks effectively, our financial stability and our focus on good corporate governance are reflected in the strong relative share performance of Koç Holding.

We continue to create significant value for our shareholders through our steadily increasing share of long-term institutional investors as well as our stock trading at a low discount or even premium to our net asset value (NAV).

The Borsa Istanbul (BIST) 30 composite index gained 29% from year-end 2013 to year-end 2014; meanwhile, Koç Holding's market capitalization soared 43% over the same period. The share of foreign ownership in Koç Holding's free float hovered around 80.9%, well above the average for the BIST. While holding companies in Turkey on average traded at a 39% discount to their net asset value, Koç Holding on average traded at 1% premium to its NAV.

We were represented by 5 Koç companies in the BIST Sustainability Index of 15 companies that was launched in November. The inclusion of Koç Holding, Arçelik, Tofaş, Yapı Kredi and Tüpraş in this index is a major indicator of our commitment to sustainable management.

We are also asking, "If not us, then who?" in social investments through our exemplary institutions and model projects

Koç Group maintains a pioneering role in creating social benefits in addition to generating economic value. We are proud of our exemplary institutions and model projects that allow us to ask, "If not us, then who?"

Our Vehbi Koç Foundation, which celebrated its 45th anniversary this year, was established as Turkey's first private foundation. It has also served as a model for the establishment of many such unique foundations in Turkey. The words of appreciation we have heard for 45 years from scholars, alumni, patients and visitors, of our educational institutions, hospitals and museums, encourage us to undertake new large-scale projects.

At Koç University Hospital, which was established as a medical training and research center as part of this effort, we aim to provide students with world class specializations, help them to improve themselves in research labs, and encourage them to further enhance the academic credentials of our prestigious university.

We have also completed the preliminary work for the Contemporary Art Museum, another one of our new initiatives.

The Rahmi M. Koç Museum and Vehbi Koç and Ankara Research Center (VEKAM), both of which celebrated their 20th anniversaries during the year, are other sources of immense pride for us.

In addition to these distinguished institutions, we continue to create "shared value" both for our Group companies and for society at large with our corporate social responsibility initiatives.

We take great satisfaction in seeing that two award-winning projects, "Vocational Education: A Crucial Matter for the Nation" and "For My Country," both administered in keeping with our long-term strategic approach and powered by our employees and dealers, are creating permanent solutions for Turkey.

I would like to take this opportunity to express my gratitude to our shareholders, customers, dealers, business partners, trade unions, executives and employees for their help in ensuring the sustainability of our economic and social accomplishments and moving us forward, toward a better world for many years to come.

Respectfully yours,

Mustafa V. Koç
Chairman of the Board of Directors

Board of Directors' Report

Esteemed Shareholders,

Welcome to Koç Holding's 51st General Assembly Meeting.

We hereby present for your evaluation Koç Holding's 2014 Annual Report. The first section of the report provides general information about Koç Holding, its goals, strategies and operations in 2014, while the subsequent pages detail developments in our core business segments. The second part of the report contains externally audited consolidated financial statements and accompanying notes, as of 31 December 2014, and other disclosures required by the Capital Markets Board (CMB).

The financial results presented in this report have been prepared on a consolidated basis according to the communique numbered II-14.1 "Communique on the Principles of Financial Reporting in Capital Markets" in compliance with CMB's Turkish Accounting Standards/Financial Reporting Standards ("TMS/TFRS") and the formats specified by CMB. Apart from the items in the income statement already denominated in foreign currencies, such as exports, all other items in foreign currency have been converted using the yearly exchange rate averages. The balance sheet conversions use year-end exchange rates.

Dear Shareholders,

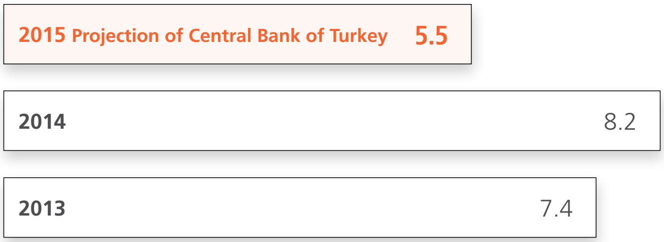
I would now like to share, on behalf of Koç Holding's Board of Directors, our main assessments of the fiscal year ending 31 December 2014.

ECONOMIC DEVELOPMENTS

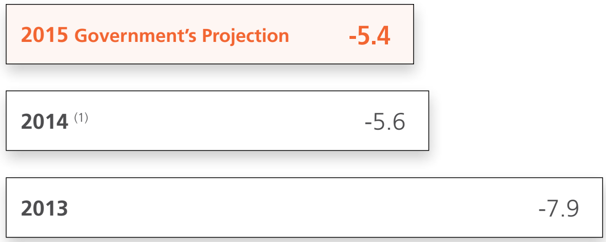
Overview of 2014 and Expectations for 2015

Efforts for leading the global economy out of the crisis and rebalancing continued throughout the year 2014. Despite attempts to resolve problems such as high levels of indebtedness and unemployment created by the crisis, low economic growth rates cast a shadow on the economic outlook. The world economy has yet to reach its pre-crisis growth performance and numerous countries revised their potential growth rates downward, resulting in an adverse impact on business confidence and fueling the vicious cycle of weak demand and low growth. In such an environment, the Central Banks of developed nations remain the key factor determining economic activity levels and financial market performance. Although the United States is a few steps ahead of other nations in implementing its crisis exit program, debates as to when the Fed - which ended quantitative easing in October - will start increasing interest rates leads to occasional fluctuations in the markets. On the other hand, the frustrating economic growth figures in Europe and Japan press the Central Banks of these countries, which have pulled interest rates down to almost zero, to adopt additional measures. Commodity prices, already on a downward trend owing to the weakness of consumption and investment across the world, fell rapidly in the second half of 2014 led by oil prices. The price of Dated Brent, rising to US$ 115 per barrel in mid-June, dropped to as low as US$ 50 as of year-end 2014. This sharp fall in oil prices pushed certain nations such as Russia, Iran and Venezuela - with already/struggling economies - into a dire situation, while net oil importers such as Turkey and India benefited from the price drop.

INFLATION (CPI)
(%)



CURRENT ACCOUNT DEFICIT/GDP
(%)



Turkey had a rather troublesome start to the year 2014. While mounting political tension and the upcoming elections in March and August increased uncertainty, global markets' diminishing risk appetite towards emerging economies led to significant fluctuations in financial markets. In addition to these factors, which had a negative impact on expectations and business confidence, the Turkish government took certain measures in early 2014 to curb domestic demand, putting a brake on consumption and investment spending in the first half of the year. Political uncertainties started to wane after the presidential elections in August, the perception of foreign investors improved relatively from September onwards and the expectation arose that sharply falling oil prices in the last quarter would have a positive effect on Turkish inflation and the current account deficit, all of which fueled investors' interest to Turkey towards end-2014 and bolstered financial markets. As these developments also halted the deterioration in business confidence, domestic demand showed signs of recovery in the last quarter of the year. As a result, the Turkish economy is estimated to have grown by 3-3.3% in 2014 as a whole, after having expanded by only 2.8% in the first quarter of the year.

In 2014, inflation hovered far above the 5% target set by the Turkish Central Bank. Certain tax increases in the beginning of the year, fluctuations in food prices and a weak TL all pushed up the inflation rate, which reached 9.2% in end-November, before closing the year at 8.2% partially due to the impact of lower oil prices. Inflation is expected to drop to around 7-7.5% in 2015 as a result of falling commodity prices, especially oil prices, and a high base year effect.

In 2014, exports increased primarily to Europe as imports decreased due to weaker domestic demand and falling gold imports, which brought down foreign trade and current account deficits while bolstering growth. In 2015, the contraction of the current account deficit is expected to continue as the impact from falling oil prices becomes more apparent.

THE TURKISH ECONOMY: KEY INDICATORS	2013	2014	2015 GOVERNMENT'S PROJECTIONS [1]
GDP (US$ billion)	822	810[1]	850
Growth (%)	4.1	3.3[1]	4.0
Inflation (CPI, %)	7.4	8.2	5.5[2]
Budget Deficit / GDP (%)	-1.2	-1.3	-1.1
Exports (US$ billion)	151.9	157.7	173.0
Imports (US$ billion)	251.7	242.2	258.0
Current Account Deficit / GDP (%)	-7.9	-5.6	-5.4

[1] *2015-2017 Medium Term Program of the Turkish Government.*
[2] *Projection of Central Bank of Turkey.*

Board of Directors' Report

KOÇ GROUP AND KOÇ HOLDİNG

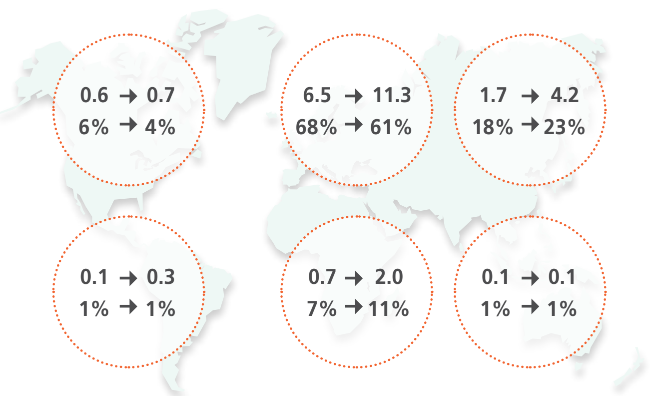
General Assessment of 2014

With its strong domestic and international position, Koç Holding is among the leading companies globally. In 2014, it was ranked 341st in the Fortune Global 500, as one of the world's largest 500 companies.

Koç Group's combined revenues correspond to 8% of Turkey's GDP, while our listed subsidiaries make up 17% of Borsa Istanbul's market capitalization. The total combined exports of our subsidiaries and our joint ventures make up nearly 9% of Turkey's total exports.

Through our strategy of diversifying and expanding our global reach, we achieved market share gains in our existing markets, and also expanded into new ones. Our international revenues have grown steadily, rising by an annual average of 14.2% over the past five years.

2009 → 2014
Regional Breakdown of International Revenues (US$ billion)



COMBINED INTERNATIONAL REVENUES (US$ BILLION)

14.2% CAGR **2009: 9.6** **2014: 18.7**

In 2014, the main developments in our businesses were as follows:

REVENUES OF ENERGY COMPANIES
(COMBINED-TL MILLION)

2014	**68,343**
2013	65,458

4% YoY

Our energy companies increased combined sales revenue to TL 68.3 billion, an improvement of 4% over the previous year.

√ Maintaining its policy of optimum production, Tüpraş reached a capacity utilization rate of 74.9% and a white product yield of 72.2% despite the maintenance work carried out prior to the launch of the Residuum Upgrade Project. The US$ 3 billion Residuum Upgrade Project has been completed, increasing the white product output capacity by 3.5 million tons. Expected to bring down the national current account deficit by approximately US$ 1 billion, the project employed 8,000 individuals in its construction and installation phases and created employment for 500 people upon commissioning.
√ Opet maintained its second position in white in Turkish oil distribution market and its ninth year of sustained leadership in customer satisfaction. THY-Opet, in which Opet has a 50% stake, increased its aviation fuel sales volume by 15%.
√ Aygaz maintained its leadership in the domestic LPG market. The Company expanded its auto gas distribution network by 6% and boosted its sales volume by 4%.
√ Opet Aygaz Gayrimenkul A.Ş., established through a 50:50 partnership by Opet and Aygaz to sharpen their competitive edge, counted 18 stations as of year-end 2014.
√ Upon AES's decision to exit the Turkish market, its stake at our jointly owned power generation company Entek was acquired by Koç Holding and Aygaz. Entek has an installed capacity of 364 MW.

SALES REVENUES OF AUTOMOTIVE COMPANIES
(COMBINED - TL MILLION)

2014	**26,829**
2013	25,115

7% YoY

Combined revenues of our automotive companies increased by 7% in 2014 and reached TL 26.8 billion. As our companies maintained their strong positions, Koç Group's leadership continued in the Turkish automotive market which contracted by 10% YoY.

√ Production of the Group's automotive companies totaled 471,000 vehicles, 40% of Turkey's total production.
√ We exported 331,000 vehicles, 37% of Turkish automotive exports.
√ Koç Group Companies accounted for 23.4% of domestic sales, with Ford Otosan ranking 3rd and Tofaş 4th in the market.
√ At Ford Otosan, 2014 was a transition year: the Company completed its investment program initiated in 2010 which boosted its production capacity as well as renewed its product portfolio. The new generation Ford Transit was launched in March and the Ford Courier in May, adding momentum to the sales performance. The Company's commercial vehicle

product lineup is the youngest in the market. Ford Otosan reached an export figure of US$ 3.2 billion in 2014, becoming the export champion of its sector for the fourth time in a row.

- √ Tofaş accounted for 19% of the total auto production in Turkey by manufacturing 222,807 units, and exported a total of 142,000 vehicles in 2014. With Tofaş's decision to manufacture hatchback and station wagon models through an investment of US$ 520 million announced year-end 2014, the Company's total investment in new models reached USS$ 1.4 billion. Exports of Doblo to North America started.
- √ In 2014, TürkTraktör sold 15,866 tractors overseas, and 30,027 tractors in the domestic market. The total production volume of 45,823 units represents the Company's highest ever in its 60-year history. The Company inaugurated its new factory in Erenler, Adapazarı.
- √ Otokar closed 2014 as Turkey's top bus manufacturer for the fifth time; the Company also preserved its position as a leading land vehicles manufacturer for the defense industry. In 2014, the Company posted turnover of TL 1,232 million, with exports of US$ 108 million.
- √ Having sold approximately 62,000 new vehicles, Otokoç has an 8% share in the overall automotive retailing market. The Company continued to grow in short-term car rentals and operational leasing, and expanded its international operation into Kazakhstan, its third overseas market after Azerbaijan and Northern Iraq.

EBITDA MARGIN OF ARÇELİK*
(%)

2014	**11.0**
2013	10.4

* *The effects of foreign exchange gains and losses arising from trade receivables and payables and credit finance income and charges are deducted from operating profit to maintain consistency with prior years' EBITDA calculation.*

Despite challenging conditions in both local and export markets, Arçelik increased its EBITDA margin from 10.4% in 2013 to 11% at the end of 2014. In addition to its strong leadership in the Turkish market, Arçelik continued to raise its market share in many international markets.

- √ The Turkish white goods market contracted by 2% YoY in 2014 and reached 6.7 million units.
- √ Maintaining its undisputed leadership in the domestic white goods market in Turkey, Arçelik ranked second in the European market with its Beko brand.
- √ Beko is the market leader in the United Kingdom in white goods, and in Poland and France in free-standing white goods; as well as the fastest growing white goods brand in the German market.
- √ The Beko brand was launched in Singapore and Thailand.
- √ Arçelik constantly invests in its brand equity, and branded products accounted for 90% of its overseas sales.
- √ Arctic in Romania and Defy in South Africa preserved their market leadership by a large margin.
- √ A side-by-side refrigerator production line was opened in South Africa.
- √ The Company initiated its refrigerator manufacturing plant investment in Thailand.
- √ Arçelik-LG maintained its market leadership with a domestic market share of 50%, owing to its innovative approach and strong technological infrastructure, as well as a wide distribution and service network. At the 3rd R&D Centers Summit organized by the Ministry of Science, Industry and Technology, the Company's R&D Center garnered the top prize in air-conditioning.

YAPI KREDİ TOTAL CASH LOANS
(CONSOLIDATED-TL MILLION)

2014	**125,534**
2013	99,436

Celebrating its 70th anniversary in 2014, total cash loans of Yapı Kredi reached TL 125.5 billion.

- √ Yapı Kredi's 70th anniversary was also marked by the start of the Bank's growth strategy aimed at strengthening market positioning and achieving long-term sustainable profitability.
- √ Yapı Kredi added 60 new branches to its network, bringing the total figure to over 1,000. The Bank increased its total workforce by around 1,850 to 18,500. Yapı Kredi also continued to reinforce its alternative distribution channels, adding more than 600 new ATMs to its network.
- √ As a result of these investments, customer acquisition was multiplied 2.7 times over the prior year to reach 600 thousand.
- √ Yapı Kredi increased its total cash and non-cash loan volume by 27%. Accordingly, the Bank increased its sector positioning by one notch up to 3rd place. The market share in total cash loans increased by 70 basis points to reach 10.2%.
- √ Total deposits volume grew by 22%, at a rate more than double the sector average, and Yapı Kredi's market share grew by 90 basis points to reach 10.0%.

As for the other sectors in which we operate; our subsidiary in the food industry, Tat, continued to reinforce its position by rolling out youthful, modern and healthy products. Tat implemented a focusing strategy in consideration of market conditions, and sold the Maret brand and its facilities to exit the meat and meat products segment; meanwhile, Moova was acquired in line with the strategy of growing in the cheese segment.

DIY retailer Koçtaş, sector leader with 43 Koçtaş and 6 KoçtaşFix stores in 20 cities and 234 thousand m^2 sales area, opened 3 new stores in 2014 and served more than 11 million customers.

Setur Marinas served yachters in 10 marinas. Tek-Art A.Ş., a Group company, won the Kalamış and Fenerbahçe Marina privatization tender in May 2014. During the year, Setur also signed an agreement for the acquisition of three marinas from Ülker Group, with pending approval by the Competition Authority.

Board of Directors' Report

KOÇ HOLDİNG CONSOLIDATED FINANCIAL STATEMENTS (TL MILLION)	2014	2013	CHANGE %
Revenues	68,622	66,182	4
Operating profit	3,329	3,727	-13
Profit before tax	3,181	3,055	4
Profit for the year	4,214	4,000	5
Profit for the year attributed to equity holders of the parent	2,710	2,680	1
Earnings per share (Kr)	1.069	1.057	1
Earnings before interest, taxes, depreciation and amortization - EBITDA	4,197	4,598	-9
Operating profit/Revenues (%)	4.7	5.6	-0.9(1)
Total assets	63,941	58,790	9
Total liabilities	34,640	32,599	6
Total equity	29,301	26,191	12
Equity attributed to equity holders of the parent	20,348	18,035	13
Capital expenditures	4,416	4,422	0
Depreciation and amortization	958	871	10
Revenues / Total assets (%)	1.07	1.13	-0.06(1)
Operating profit / Total assets (%)	5.1	6.3	-1.2
Return on equity (%)	15.4	17.5	-2.1(1)
Current ratio	1.31	1.35	-0.04(1)
Total liabilities / Total equity	1.2	1.2	0(1)

(1) *Changes in ratios are given as percentage point differences.*

Financial and Operational Results

Valued Shareholders,

Our Company strengthened its financial position and continued to achieve successful results in all areas of operation in 2014 due to a diversified and balanced portfolio structure, strong cash position, prudent risk management and productivity-raising practices.

KOÇ HOLDİNG CONSOLIDATED NET PROFIT
(ATTRIBUTED TO EQUITY HOLDERS
OF THE PARENT-TL MILLION)

2014	**2,710**
2013	2,680

Koç Holding's combined revenues increased by 8% YoY to TL 133,467 million in 2014. After TL 3,372 million is deducted for consolidation eliminations and adjustments in accordance with international accounting standards and TL 61,473 million is deducted due to accounting of joint ventures by equity method, net consolidated sales revenue of Koç Holding amounted to TL 68,622 million.

Koç Holding's consolidated operating profit stood at TL 3,239 million, with consolidated profit before tax of TL 3,181 million.

Consolidated net profit for 2014 rose 5% to TL 4,214 million. Net profit attributed to equity holders of the parent grew by 1% YoY to TL 2,710 million.

At end-2014, Koç Holding's total consolidated assets were up by 9% YoY to TL 63.9 billion. Total consolidated equity attributed to equity holders of the parent company increased 13% YoY to TL 20.3 billion of the end of the year.

Capital expenditures for the year reached TL 4.4 billion on a consolidated basis and TL 7.6 billion on a combined basis (excluding advances payments). The majority of capex was diverted to the automotive sector for projects related to new model and factory investments and fleet purchase. Energy sector followed with energy efficiency, operational efficiency and profitability enhancement as well as environmental investments and fuel station investments. Consumer durables was third with investments in new models and technologies that are environmentally-friendly.

Group companies generated combined international sales of US$ 18.7 billion.

The Company's capital was reviewed under Article 376 of the Turkish Commercial Code to determine the extent to which it is unsecured. It was ascertained that Koç Holding's TL 2.5 billion in issued capital is more than indemnified with its TL 20.3 billion total equity attributable to the equity holders of the parent as of 31 December 2014 and that the Company's net financial debt/total equity multiple of 0.36 was sufficient to continue operations in a healthy manner.

Employment and union relations

Koç Holding's employees, including its subsidiaries and joint ventures, numbered 85,517 at the end of 2014. On a sector basis, the highest number of employees was in the consumer durables sector, with 30% of total employees. The automotive sector employed 27% of the Group total, while the finance sector employed 22% of the total.

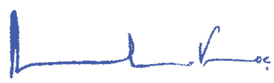
2014 was an active year for the Group companies in terms of industrial relations. The Collective Bargaining Agreement covering Arçelik, Arçelik-LG, Aygaz, Ford Otosan, Otokar, Tofaş and TürkTraktör expired on 31 August 2014. An agreement between the Employer's Association of Metal Industries (MESS) and Türk Metal and Çelik-İş Union was concluded.

Dear Shareholders,

On behalf of our Board of Directors, I would like to express our appreciation to our valued shareholders, customers, suppliers, industry and business partners, and unions, for your continued trust and support, and my thanks to our employees for their dedication and outstanding contribution.

In 2015, Koç Group will continue to operate towards its objective of profitable and sustainable growth and maintain a maximum focus on risk management. We will accelerate our investments that create further employment opportunities and increase our efficiency.

With sincere respects to our valued shareholders and their representatives,



Mustafa V. Koç
Chairman of the Board of Directors

Independent Auditor's Report
(Introduction&Opinion)

The Independent Audit Report is found on page 133. The Introduction and Opinion sections are presented for your information below:

Introduction
We have audited the accompanying consolidated balance sheet of Koç Holding Anonim Şirketi ("the Company"), its subsidiaries and its joint ventures (together will be referred to as the ''Group") as of 31 December 2014 and the related consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory note.

Opinion
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Koç Holding Anonim Şirketi, its subsidiaries and its joint ventures as of 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ethem Kutucular, SMMM
Partner

3 March 2015
İstanbul, Türkiye

Koç Holding A.Ş. Consolidated Balance Sheet

TL 000	2014	2013
Total Current Assets	24,825,239	25,857,067
Total Non-current Assets	39,115,769	32,932,893
TOTAL ASSETS	**63,941,008**	**58,789,960**
Total Short Term Liabilities	19,016,744	19,182,420
Total Long Term Liabilities	15,622,795	13,416,947
TOTAL LIABILITIES	**34,639,539**	**32,599,367**
TOTAL EQUITY	**29,301,469**	**26,190,593**
TOTAL LIABILITIES & EQUITY	**63,941,008**	**58,789,960**

Koç Holding A.Ş. Consolidated Income Statement

TL 000	2014	2013
Total Revenue	68,622,432	66,181,791
Total Costs	-61,110,517	-59,176,289
Gross Profit	7,511,915	7,005,502
Operating Profit	3,239,383	3,726,594
Profit before Tax	3,181,007	3,055,034
Tax Income/Expense	1,033,275	945,275
Profit for the Period	4,214,282	4,000,309
Equity Holders of the Parent	2,710,145	2,679,713
Earnings per Share (Kr)	1.069	1.057

2014 Board of Directors*,**

Rahmi M. Koç
Honorary Chairman

Mustafa V. Koç
Chairman of the Board

Temel K. Atay
Vice Chairman

Ömer M. Koç
Vice Chairman

Semahat S. Arsel
Member

İnan Kıraç
Member

Ali Y. Koç
Member

Dr. Bülent Bulgurlu
Member

Prof. Dr. John H. McArthur
Member

* *For information about the BoD and executive management members' transactions on behalf of themselves or someone else within the framework of the permission granted by the General Assembly, and their operations within the scope of the competition ban, see the agenda item description numbered 3.14 in the Information Document (page 217).*

** *For the CVs of the BoD members, see page 124-125.*

Prof. Dr. Heinrich V. Pierer
Member

Peter Denis Sutherland
Independent Member

Kwok King Victor Fung
Independent Member

Muharrem Hilmi Kayhan
Independent Member

Kutsan Çelebican
Independent Member

Mustafa Kemal Olgaç***
Independent Member

*** *Mr. Sanford I. Weill departed from the membership of the Board in September 2014. Mustafa Kemal Olgaç was appointed to this position as Independent Board Member in October 2014.*

Dividend Policy

Our Company conducts a Dividend Policy within the framework of the provisions of the Turkish Commercial Code (TCC), Capital Markets Legislation, Tax Regulations and other relevant legislation, as well as the provisions of our Articles of Association governing the distribution of profits. In line with the Corporate Governance Principles, a balanced and accurate policy is followed between the benefits of the shareholders and the Company.

In principle, as long as the relevant regulations and financial possibilities allow, by taking into consideration of the market expectations, the long-term strategy of our Group, the capital requirements of our Company, our affiliates and subsidiaries, our investment and financing policies, profitability and cash position, a minimum 5% of distributable profit calculated under Capital Markets Board regulations shall be distributed in cash.

Pursuant to Article 19 of our Articles of Association, no more than 2% of the amount remaining from the pre-tax earnings after the allocation of the first series of legal reserve fund, financial obligations, and first level dividend to shareholders withheld as per Capital Markets Legislation is allocated to the Koç Holding Pension and Assistance Foundation. Additionally, without prejudice to the first level dividend established under Capital Markets Legislation, 3% of the amount remaining after the deduction of first series of legal reserve fund, financial obligations and 5% of the paid-in capital from the pre-tax earnings, is allocated to holders of usufruct certificates. However, the amount to be paid to holders of usufruct certificates cannot exceed 1/10 of the amount remaining from the net profit after the deduction of the first series of the legal reserve fund and first level dividend to shareholders established under Capital Markets Legislation.

Before the allocation of legal reserves under TCC and the abovementioned dividend for shareholders, no allocation shall be decided for the Koç Holding Pension and Assistance Foundation or for holders of usufruct certificates, for any other reserves, or for transfer to subsequent years, and no amount shall be paid for such persons before said dividend is actually paid to the shareholders.

It is expected to distribute dividends within a month following the General Assembly Meeting at the latest. The General Assembly decides the date of the dividend distribution. The General Assembly, or if authorized the Board of Directors, may decide to pay the dividend in installments in line with Capital Markets Board regulations. Reference to the Articles of Association of the Company, the Board of Directors may distribute the dividend in advance only if the Board is authorized by the General Assembly and it is done in parallel with Capital Markets Board regulations.

Dividend Proposal

It is concluded that, TL 2,666,375,340.47 is determined as distributable dividend base after deduction of 5% legal reserve stated under Article 519 of the Turkish Commercial Code amounting to TL 43,769,659.53 from the net profit achieved in the consolidated financial statements for the accounting period of 1 January - 31 December 2014 prepared by Koç Holding A.Ş. management which are in compliance with TFRS under Capital Markets Board regulations and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst & Young Global Limited) and TL 2,669,290,343.47 is determined as first category dividend base after the addition of donations made to foundations and associations amounting to TL 2,915,003.00 to distributable dividend base.

Meanwhile, TL 831,623,531.16 is determined as distributable profit after deduction of 5% legal reserve stated under article 519 of the Turkish Commercial Code amounting to TL 43,769,659.53 from the net profit achieved in the statutory financial statements.

We are submitting the following decisions for the approval of the Shareholders General Assembly:

i. By considering Capital Market Board Regulations and Company Articles of Association, the profit distribution is determined as:

TL 133,464,517.17	As first category dividend to shareholders,
TL 9,500,000.00	To Koç Holding Foundation for Pensions and Assistance as per Article 19/c of our Articles of Association
TL 76,187,413.14	To holders of usufruct certificates as per Article 19/d of our Articles of Association,
TL 366,107,398.68	As second category dividend to shareholders,

ii. The sum of first category dividend and second category dividend amounting TL 499,571,915.85 is proposed to be paid in cash;

iii. Dividend payments of TL 499,571,915.85, TL 76,187,413.14 payment allocated to usufruct shareholders and TL 9,500,000.00 payment allocated to the Koç Holding Foundation for Pensions and Assistance, amounting to a total amount of TL 585,259,328.99 will be paid in cash and sourced from current year taxable earnings.

iv. It is further resolved the dividend will be distributed in cash to the resident entity taxpayer shareholders and non-resident taxpayer shareholders obtaining dividend income through an office or a permanent representative in Turkey as (gross =net) TL 0.1970 for shares with a nominal value of TL 1 (19.70%) and, to the rest of our shareholders as gross TL 0.1970 (TL 0.16745 net) for shares with a nominal value of TL 1 (gross: 19.70%; net: 16.745%).

v. The remaining which is left after payments of dividend to shareholders and allocations for usufruct certificate holders and Koç Holding Foundation for Pensions and Assistance, amounting to TL 246,364,202.17, is transferred to extraordinary reserves.

vi. The profit distribution date is determined as 7 April 2015.

Dividend Distribution Table

KOÇ HOLDİNG A.Ş. PROFIT DISTRIBUTION PROPOSAL FOR 2014 (TL)			
1.	Paid-in capital		2,535,898,050.00
2.	General legal reserves (as per statutory records)		390,362,185.34
	Information concerning preferred shares, if, as per the Company's Articles of Association, there are any privileges for preferred shares in distribution of dividend: No		
		AS PER CAPITAL MARKETS BOARD	**AS PER STATUTORY RECORDS**
3.	Profit for the period	3,181,007,000.00	914,517,350.57
4.	Taxes (-)	-1,033,275,000.00	39,124,159.88
5.	**NET PROFIT (=)**	**2,710,145,000.00**	**875,393,190.69**
6.	Prior years' losses (-)	0.00	0.00
7.	Legal reserve fund (-)	43,769,659.53	43,769,659.53
8.	**NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)**	**2,666,375,340.47**	**831,623,531.16**
9.	Grants made during the year (+)	2,915,003.00	
10.	**NET DISTRIBUTABLE PROFIT INCLUDING GRANTS**	**2,669,290,343.47**	
11.	First category dividend to shareholders		
	- Cash	133,464,517.17	
	- Shares	0.00	
	- TOTAL	**133,464,517,17**	
12.	Dividends distributed to preferred shareholders	0.00	
13.	**OTHER DIVIDENDS DISTRIBUTED**	**9,500,000.00**	
	- Members of the Board of Directors	0.00	
	- Employees (Koç Holding Pension and Assistance Foundation)	9,500,000.00	
	- Non-shareholders	0.00	
14.	**DIVIDENDS DISTRIBUTED TO HOLDERS OF USUFRUCT RIGHT CERTIFICATES**	**76,187,413.14**	
15.	**SECOND CATEGORY DIVIDEND TO SHAREHOLDERS**	**366,107,398.68**	
16.	Legal reserve fund	0.00	
17.	Status reserves	0.00	
18.	Special reserves	0.00	
19.	**EXTRAORDINARY RESERVES**	**2,081,116,011.48**	**246,364,202.17**
20.	Other sources planned for distribution	0.00	0.00
	- Prior years' income	0.00	
	- Extraordinary reserves	0.00	0.00
	- Other distributable reserves as per the legislation and Articles of Association	0.00	0.00

KOÇ HOLDİNG A.Ş. INFORMATION ON DIVIDEND PER SHARE FOR 2014						
	GROUP	**TOTAL DIVIDEND AMOUNT**		**TOTAL DIVIDEND AMOUNT / NET DISTRIBUTABLE PROFIT FOR THE PERIOD**	**DIVIDEND PER SHARE FOR TL 1 NOMINAL VALUE**	
		CASH (TL)	**SHARES (TL)**	**RATIO (%)**	**AMOUNT (TL)**	**SHARE (%)**
NET	A	133,718,364.19		5.01	0.1970000	19.7000
	B (registered as legal entities)	79,562,306.25		2.98	0.1970000	19.7000
	B (unknown shareholders)	243,347,558.60		9.13	0.1674500	16.7450
	TOTAL	**456,628,229.04**		**17.13**		

(*) Preferred shares do not have privileges in dividends.
(**) No withholding tax is calculated for all Group A shareholders and some of Group B shareholders who are known as full-fledged legal entity tax payers. The calculations have been based on the assumption that other Group B shareholders are subject to withholding tax.

2015 Board of Directors Candidates

Rahmi M. Koç
See page 124.

Mustafa V. Koç
See page 124.

Temel K. Atay
See page 124.

Ömer M. Koç
See page 124.

Semahat S. Arsel
See page 124.

Ali Y. Koç
See page 124.

Dr. Bülent Bulgurlu
See page 124.

Prof. Dr. John H. McArthur
See page 125.

Prof. Dr. Heinrich V. Pierer
See page 125.

Peter Denis Sutherland
See page 125.

Kwok King Victor Fung (Independent Board Member Candidate)
See page 125.

Muharrem Hilmi Kayhan (Independent Board Member Candidate)
See page 125.

Kutsan Çelebican (Independent Board Member Candidate)
See page 125.

Mustafa Kemal Olgaç (Independent Board Member Candidate)
See page 125.

Jacques Nasser (Independent Board Member Candidate)
See page 218.

Remuneration Policy

This policy determines the remuneration system for the Board of Directors and key executives within the scope of the definition of persons discharging managerial responsibilities under Capital Markets Board regulations.

A fixed remuneration is determined for all members of the Board at the Annual General Meeting of the Company.

Executive members of the Board are compensated in accordance with the policy established for senior executives, as outlined below.

In addition to the fixed remuneration that is determined by the Board of Directors, additional payment can be granted to the Board members who have been assigned specific duties to support the activities of the Company, the amount of which is to be determined in consultation with the Nomination and Remuneration Committee.

To the chairman and members of the Executive Committee of the Board which supports the Board in the proper management of the Company in all respects, additional compensation to the fixed remuneration that is determined by the Board of Directors can be granted in consultation with the Nomination and Remuneration Committee by taking into account such Committee Members' contributions, attendance at the meetings, functions, and the like. Payments made thereof to Executive Committee members during the year are to be deducted from the amount determined at the end of the year.

In respect of remuneration of the Independent Members of the Board of Directors, a payment plan based on the performance of the Company may not be used.

Pro rata payment is made to the members of the Board of Directors by taking into account the time they carried out their duty between the date of appointment and the date of resignation. Expenses incurred by the members of the Board of Directors on account of making contributions to the Company (e.g. transportation, telephone, insurance) can be paid by the Company.

The remuneration of senior executives consists of two components, which are fixed and performance based.

Fixed salaries of executives are determined in accordance with international standards and legal obligations by taking into account the prevailing macroeconomic data in the market, the salary policies prevailing in the market, the size and long-term targets of the Company and the positions of the persons.

Bonuses for executives are calculated according to the bonus base, the performance of the Company and the individual performance. A summary of the criteria is as follows:

Bonus Base: Bonus Bases are updated at the beginning of each year. They vary depending on the work volume of the executives' positions. When updating the bonus bases, senior management bonus policies in the market are taken into account.

Company Performance: The performance of the Company is determined at the end of the year by measuring the financial and operational targets (i.e. market share, exports, overseas operations, productivity) assigned to the Company at the beginning of each year. In determination of the Company's targets, the sustainability of success and the degree to which it incorporates improvements over previous years are the principles taken into account.

Individual Performance: In the determination of individual performance, along with the targets of the Company, those related to the employee, customer, process, technology and long-term strategy are taken into account. In the measurement of individual performance, in line with the performance of the Company, the principle of achieving long-term sustainable improvement in areas apart from the financial dimension is observed.

Severance payments may be granted to the key executives by taking into account total term of service, term of service as an executive, as well as contributions made to the Company, the recent bonus base, and the salaries and bonuses paid in the last year of service.

Total amounts determined by the above principles and paid to the members of the Board of Directors during the year are submitted for shareholder approval at the next General Meeting.

The key management of Koç Holding is identified as the members of the Board of Directors, CEO and the Group Presidents. Total key management compensation incurred by Koç Holding in 2014 amounted TL 82,121 thousand (2013: TL 74,040 thousand).

CEO's Letter

The Group's organic investments reached the highest level in our corporate history during 2014.

Koç Holding's Esteemed Shareholders and Stakeholders,

Koç Group closed 2014, a year of major economic and political turbulence across the world and in Turkey, with strong results. Consolidated revenues climbed to TL 68.6 billion while net profit attributable to equity holders of the parent reached TL 2.7 billion.

Sustained leadership in investments, exports, R&D and innovation

The Group's organic investment reached the highest level in our corporate history during 2014. We carried out growth-oriented, large-scale investments as planned. As a result, we launched new products, opened new factories and inaugurated new facilities one after another. In the end, we set a record with a total of TL 7.6 billion in combined investments for the year.

One of our top priorities is to be a pioneering and leading force in technology and innovation investments in line with our sustainable growth objectives. To this end, we maintained our leadership positions in R&D investments and intellectual property development. Arçelik was deemed worthy of the "Most Innovative Company" and "Leadership in Technology Development" awards at Turkish Innovation Week, which was held by the Turkish Exporters' Assembly. Our companies also chalked up major accomplishments at the Inovalig Innovation Leaders Awards. Arçelik and Tofaş placed first and second, respectively, in the "Innovation Strategy" category. Meanwhile, Tüpraş, Ford Otosan and Yapı Kredi also ranked within the top five in other award categories.

Our companies once again dominated the Exports Awards of the Turkish Exporters Assembly this year. Tüpraş retained its enviable position as the country's top exporter, while Ford Otosan, Tofaş and Arçelik followed close behind the leader, placing second, fifth and sixth, respectively.

"If not us, then who?" -scale projects

While maintaining our leading positions in the energy industry in 2014, we also had the pleasure of completing large-scale investments that we had been working on enthusiastically for some time.

We proudly held the opening ceremony for Tüpraş's US$ 3 billion Residuum Upgrade investment, which includes port construction, railroad connection and financing costs, on December 15, 2014 with the attendance of our Honorable President Recep Tayyip Erdoğan.

This single largest industrial investment ever undertaken by the Turkish private sector is expected to reduce Turkish energy imports by US$ 1 billion annually.

The Tüpraş R&D Center Campus, the first and only one of its kind in the energy and oil industry, commenced operation in early 2014.

Meanwhile, Opet held onto its number two position by again recording the fastest growth in the fuel oil distribution sector.

Aygaz Group, operating the Aygaz-Mogaz-Lipet brands, maintained a commanding lead in its sector.

Demir Export completed the development of Soma Eynez underground "fully mechanized" longwall coal mine with the highest level of occupational safety standards; the facility will commence production operations 2015.

During the year, Koç Holding and Aygaz acquired the shares held by AES in Entek.

Koç Holding, which was a pioneer in the establishment of the Turkish automotive industry, continued to lead by example by being a strong representative of the industry in global markets.

We opened our second factory in Gölcük for the manufacture of Ford Courier, a brand new model developed by Ford Otosan, on May 22, 2014, with the Honorable Recep Tayyip Erdoğan, who was Prime Minister at that time, in attendance. This additional facility raised our total annual production capacity up to 415,000 vehicles. In addition, we rolled out new models for our Transit line, which are manufactured at the Kocaeli plant. In total, Ford Otosan completed its US$ 1.4 billion new model and factory investments during the year.

In addition, Ford Otosan launched the largest R&D center in the Turkish automotive industry.

Tofaş started exporting Doblo vehicles to the US and Canada in October. The ceremony marking the initiation of exports to North America was held on December 3, 2014 with the Honorable Prime Minister Ahmet Davutoğlu present. The investment project for the new B-segment sedan model that will commence production in second half 2015 is ongoing.

We also initiated two new C-segment passenger car projects, a hatchback and a station wagon, which are scheduled to start production in 2016. With these additional vehicles, Tofaş's total investment spending will amount to US$ 1.4 billion.

Otokoç Otomotiv has steadily expanded to become the second largest Avis licensee in the Asia, Europe, and Africa region with a fleet of 30,000 vehicles. In 2014, the Company entered the Kazakhstan market. In the domestic market, Otokoç Otomotiv ranks first with the "Avis" brand and second under the "Budget" banner in the daily car rental segment.

Otokar continued to perform tests in Altay National Tank Project in line with the scheduled timeline and completed the manufacturing of the last two prototypes. The market leader in the minibus and midi-bus segments, Otokar is also increasing its sales to Europe.

RMK Marine successfully completed the project for the manufacture of four coastguard vessels. In the commercial vessel segment, the Company built and launched two ships that are the world's largest asphalt tankers with independent cargo tanks.

Celebrating its 60th year, TürkTraktör became one of the largest tractor manufacturers in Europe with the inauguration of its new production facility in Erenler, Adapazarı on June 17, 2014. The Honorable Minister of Economic Affairs Nihat Zeybekçi and the Honorable Minister of Science, Industry and Technology Fikri Işık attended this gratifying event.

Maintaining a leading position in Turkey, Arçelik continued to be the market leader with the Arctic brand in Romania and Defy brand in South Africa. Launching operations in Singapore and Thailand as well, the Company boosted its strong market position in this key region. Construction of the US$ 100 million refrigerator manufacturing facility in Thailand commenced in January 2015.

Celebrating its 70th anniversary, Yapı Kredi expanded its distribution network to include more than 1,000 branches and 3,600 ATMs. Additionally, the Bank further solidified its 24-year market leadership in credit cards this year. Yapı Kredi remains by far and away the leader in financial leasing while also leading the market in factoring, investment fund management and stock trading.

Koçtaş, another dominant market leader, opened three new retail stores, expanding the Company's portfolio to 43 locations.

Pursuant to the Company's focused growth strategy, Tat Gıda divested Harranova Tarım and Maret businesses while strengthening the dairy products lineup by acquiring Moova facilities, a renowned cheese brand in the Aegean region.

Meanwhile, Setur Marinas was awarded a 30-year concession to operate the Fenerbahçe and Kalamış marinas for the sum of US$ 664 million. Moreover, an agreement was signed regarding the acquisition of the 3 marinas (one in Istanbul, two in Göcek) from Marintürk Group; we are awaiting the decision of the Competition Authority.

Divan Group undertook six new projects in 2014, expanding its portfolio to 18 hotels.

I would like to take this opportunity to extend my heartfelt gratitude to our stakeholders, shareholders, customers, dealers, suppliers, trade unions and employees whose great support has cultivated our achievements at Koç Holding. Our core objective has always been to use our resources in the best way possible and turn them into sustainable, high-yielding investments for our stakeholders. We will continue to channel all our efforts into making the greatest possible contribution to our shareholders, our stakeholders and our country.

Respectfully yours,

Osman Turgay Durak
CEO

Executive Management*, **

(1) **Osman Turgay Durak,** CEO
(2) **Ahmet Ashaboğlu,** CFO (President, Finance and Strategic Planning Group)
(3) **Levent Çakıroğlu,** President, Consumer Durables Group
(4) **Ali Tarık Uzun,** President, Audit Group
(5) **Özgür Burak Akkol,** Human Resources Director
(6) **Kudret Önen,** President, Defense Industry, Other Automotive and IT Group

* *For information about the BoD and executive management members' transactions on behalf of themselves or others within the framework of the permission given by the General Assembly and their operations within the scope of the competition ban, see the agenda item description numbered 3.14 in the Information Document (page 217).*

** *For the CVs of the executive management, see page 126-127.*

(7) **Faik Açıkalın,** President, Banking and Insurance Group

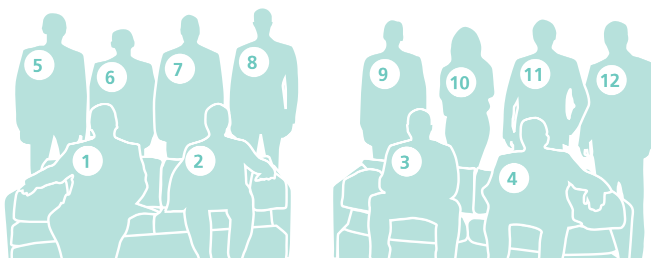
(8) **Cenk Çimen,** President, Automotive Group

(9) **Erol Memioğlu,** President, Energy Group

(10) **Oya Ünlü Kızıl,** Corporate Communication and External Relations Director

(11) **Tamer Haşimoğlu,** President, Tourism, Food and Retailing Group

(12) **Kenan Yılmaz,** Chief Legal Advisor



Human Resources and Organizational Chart

Our most valuable asset in attaining Koç Group's vision and targets is a well-qualified, loyal and dedicated workforce.

As of the end of 2014, Koç Group employed 85,517 people, of whom 76,726 were in Turkey and 8,791 in other countries. The Koç Group aims at employing the most successful professionals who take pride in creating added value that results in sustainable growth. Its goal is to be the most admired and preferred institution in Turkey. Key to achieving this is the utilization of human resources systems and approaches developed through many years of hard work and experience, and continually upgrading them in line with current conditions and needs.

Koç@İnsan

Koç@İnsan enables all employees to access the systems being used to implement the Company's human resources policies via a single interface.

This platform is also used as an open communication environment for employees, the management of employee data, and ensuring the transparency of policies and applications.

Performance Management System

The Performance Management System enables effective deployment of the Company's goals to all employees. During the year, goals are reviewed and at the end of the year, evaluations are carried out on the basis of these goals, thus completing the performance management process. The system provides a measurement and rewarding tool for success in goal realization and helps in determining employees' competencies and planning their individual development. Management by objectives, effective communication with employees, as well as mutual feedback and consensus constitute the pillars of the performance management system.

Salary Management System

The Koç Group's Salary Management System is based on factors such as the salary market, current salary structure of the Company, purchasing power, salary policy, individual performance and employee job grade. Based on regular market analyses, a competitive and fair salary policy is applied.

Job grades which are the basis of the salary management system are determined by job evaluations. An international system is used to ensure that all jobs in all areas across Koç Group are ranked according to their potential contribution to organizational goals and their responsibility levels.

The premium system in use encourages high performance, while rewarding continuity and superior achievement.

E-Approval Senior Management Salary and Bonus System

For senior management, the approval procedures for job evaluations, salaries, job grades and bonuses are handled through an electronic system known as the E-Approval System, which also displays the senior managers' salary and bonus notifications at the end of the year.

Fringe Benefits System

The fringe benefit packages offered to employees according to their job grades are reviewed annually to meet employee expectations and to maintain our competitiveness in the market. The goal of these packages, which are seen as a part of total income, is to raise employee engagement to the highest levels.

KPI Monitoring and HR Process Improvement System

The KPI Monitoring and HR Process Improvement System form the backbone of the Human Resources strategy. Through this system, specific human resources performance indicators are monitored on an annual basis and compared with domestic and foreign companies. Key indicators that directly impact business results are continually maintained and analyzed using a system called "e-metric."

Strategically important areas requiring attention in addition to those in which we already have sound standing are ascertained. Accordingly, action is taken to ensure standardization of human resources processes and their utilization within the Group as a whole.

KoçAcademy Development Planning and Learning Platform

KoçAcademy which serves as the learning and development infrastructure of the Group provides activities to support the development of Koç Group strategies. Activities are planned and implemented according to Company and employee needs. In order to identify the development needs having highest priority, KoçAcademy has competency and ability assessments tools. According to the results of the assessment, an individual development plan for each employee is formed by selecting the most appropriate development activities. In addition, KoçAcademy is continuously enriched by new development tools such as training programs, e-learning modules and articles in order to provide support to the employees for their professional development.

Leadership-Potential Assessment Process and "LiderSensin" Talent Management Program

Koç Group companies determine potential employees at all levels with an assessment tool based on competencies. Successful employees with high level leadership skills are identified by Assessment Center application. This enables the Group to identify the successors of the senior management positions and proactively develop them for their future positions.

Corporate Coaching

A Corporate Coaching Program has been created as part of the LiderSensin Talent Management and Development Program. This program provides one-to-one and group coaching services for potential leaders from an assigned Corporate Coach. It aims to closely support the development of these potential leaders.

In addition, in order to deploy a coaching culture within the organization, internal coaches are trained at Group companies. Through their one-to-one coaching to employees from various companies, our internal coaches contribute to leadership development of Group.

Leadership Development Programs

The main objective of Koç Group Leadership Development Programs is to establish and maintain a common management and leadership culture throughout the Group. It also creates a learning and cooperation environment where managers from different Group companies can share their knowledge and experience.

Internal Job Postings - KoçKariyerim

Koç Group employees have priority when filling vacant positions that are available at the Group companies. KoçKariyerim is a portal used to announce all available positions within the Group and manage the application process. Furthermore, it enables employees to actively participate in shaping their career paths.

EBK - Most Successful Koç Employees Award System

The Most Successful Koç Employees Award System (EBK) was formed to recognize, spotlight, share and reward successful employees as well as best practices. In 2014, a total of 10 white collar and blue collar projects were selected in five categories: Making a Difference, Developing Cooperation, Creating Customer Satisfaction, Creative Innovations and Adding Value to Life. 94 employees who participated in these projects were rewarded.

Employee Engagement and Satisfaction Process

The Employee Engagement Survey is conducted every year to measure the engagement as well as the satisfaction of employees. Moreover, factors impacting employee engagement are analyzed deeply. Group companies are given objectives on employee engagement, the results of which are closely monitored.

Industrial Relations

The Koç Group negotiates collective labor agreements with seven labor unions. It strives to maintain strong and constructive social dialog with these unions in accordance with European Union regulations, Koç Group human resources processes and the UN Global Compact. Through the periodic meetings of the Industrial Relations Coordination Group, which was set up to reach this goal, a sustainable and constructive industrial relations culture has been created within the Group. In 2014, important developments occurred due to legislative amendments that directly affect working life coming into force. The Group companies adapted quickly to these amendments and made the mandatory changes.

Human Resources and Organizational Chart

The advanced HR system and applications, enriched through ongoing investments, clearly demonstrate the immense value assigned to Koç Group employees.

Occupational Health and Safety (OHS) Board

Amendments to Occupational Health and Safety regulations continued in 2014. The Occupational Health and Safety Board, which was established out of the Company's concern for the health and safety of its employees and its goal to comply with regulations, worked even more effectively in 2014. The Board regularly reviews practices and efforts to improve Group practices by ensuring greater compliance with regulations. It thus aims to develop and disseminate best practices within the Group adopted by other Group companies and to identify high occupational safety standards. In 2014, seminars and trainings relating to occupational health and safety increased.

Koç Holding Pension and Assistance Foundation

The Koç Holding Pension and Assistance Foundation was set up in 1967 to provide additional social security and support to Koç Group companies' employees, who are also covered by the Social Security Institution. The Foundation provides its members with lump-sum payments, retirement pensions, health insurance, and financial assistance services to ensure their comfortable and peaceful retirement. As of the end of 2014, Koç Holding Pension and Assistance Foundation had 54,728 active members and 335 retired members.

KoçAilem

The KoçAilem Program provides Koç Group employees, their relatives, Group retirees, dealers and students of Koç University with various advantages in using Koç Group products and services, and also those of other contributing companies. Its objectives are to increase employee satisfaction and loyalty, and establish a common corporate identity through the offered benefits and organized social activities and social responsibility projects. KoçAilem has around 95,000 members.

Sports Festivals and the Koç Group Sports Association

The 25th Annual Sports Festival took place in 2014. The festival strengthens the Group culture, improves cooperation, contributes to the physical and mental health of employees, and helps employees make the most of their leisure time in an exciting environment. In 2014, over 3,600 employees participated in the festival in 12 branches of sports.

The Koç Group Sports Association was established in 2012 to improve our employees' sports and social opportunities. The Association organizes sporting events, courses in several sports and training camps for employees and their families.

Awards and Achievements

Koç Holding plays a pioneering role in the development of human resources practices in Turkey, just as it does in all its areas of operation.

For the "KPI Monitoring and HR Process Improvement" project designed to restructure human resources processes, Koç Holding was deemed worthy of the "Company of the Year Award" at the prestigious global award organization Stevie Awards, while Koç Holding's Human Resources Department was granted "Human Resources Team of the Year Award" at the same event.

In addition, Koç Holding's KPI Monitoring and HR Process Improvement project was also awarded by Brandon Hall Group in the category of "Best HR Strategy and Measurement Model."


CHAIRMAN
CEO
President, Audit Group
President, Banking and Insurance Group
CFO - President, Finance and Strategic Planning Group
President, Consumer Durables Group
President, Energy Group
President, Automotive Group
President, Defense Industry, Other Automotive and Information Technology Group
President, Tourism, Food and Retailing Group
Chief Legal Advisor
Human Resources Director
Corporate Communication and External Affairs Director
Secretary General

Shareholder and Investor Relations

As the largest investment holding company in Turkey, we are regarded as the best proxy to invest in Turkey's high growth potential.

Koç Holding and the Group's 11 publicly traded companies represented 17% of total market capitalization on the Borsa İstanbul (BIST) as at the end of 2014.

Koç Holding strives to continuously increase shareholder value by implementing international best practices in corporate governance and investor relations.

In 2014, Koç Holding Investor Relations attended a total of 14 roadshows and conferences in Turkey and abroad and held over 600 meetings with current and potential investors. It organizes webcasts on a quarterly basis to announce financial results with the participation of high-level management.

In the awards given by the Turkish Investor Relations Association in 2014, Koç Holding ranked among the top three in the categories of "Annual Report of the Year," "Best Communication of Financial Results," and "Best Website of the Year."

WHY KOÇ HOLDİNG?

Koç Holding's Value Added for Investors

- √ The best proxy to invest in Turkey's high growth potential on the BIST
- √ Turkey's largest investment holding company
- √ Strategies focused on sustainable profitability and increasing shareholder value
- √ High growth potential with leading position in sectors with low penetration and advantages of economies of scale
- √ Distinct competitive advantages with strong brands, large distribution network and outstanding service quality
- √ Strong net cash position and solid balance sheet structure
- √ Superior and sustainable improvement of operating performance
- √ Portfolio structure resilient to economic volatility and risk
- √ Efficient risk and opportunity management supported by an extensive customer database as well as effective early warning systems
- √ High transparency with around 90% of its NAV in publicly listed companies
- √ 89 years of proven track record, built by proactive restructuring, M&As, privatizations, and domestic and international partnerships
- √ Continuous investments which enable the Company to remain a strong and competitive player globally

Koç Holding's Added Value for its Group Companies

- √ Reliability, strong reputation and powerful brand management based on 89 years of experience
- √ Guidance in defining long-term strategies and exchange of best practices throughout the Group
- √ Strong balance sheet management, risk management systems and ability to access advantageous terms of financing
- √ Embracing universal standards of corporate governance, business practices, ethical principles, environmental policies and working conditions through the application of Group vision and objectives
- √ Broad distribution channels, comprehensive customer information and database facilitating effective CRM capabilities
- √ Benefits of economies of scale and effective resource management
- √ Performance management system focused on creating shareholder value
- √ Strong human resources systems

The growing interest of foreign institutional investors in Koç Holding shares has been a result of the high shareholder value the Company creates.

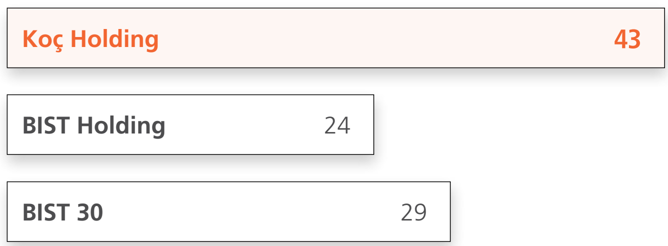
As a sign of the high shareholder value created by Koç Holding, it consistently trades with much lower discounts, even with premiums, to its capitalized NAV compared to other holding companies in Turkey.

PREMIUM/DISCOUNT TO NET ASSET VALUE (%)

AVERAGE	2012	2013	2014
Koç Holding	-6	-3	+1
Peer Group Average	-45	-34	-39

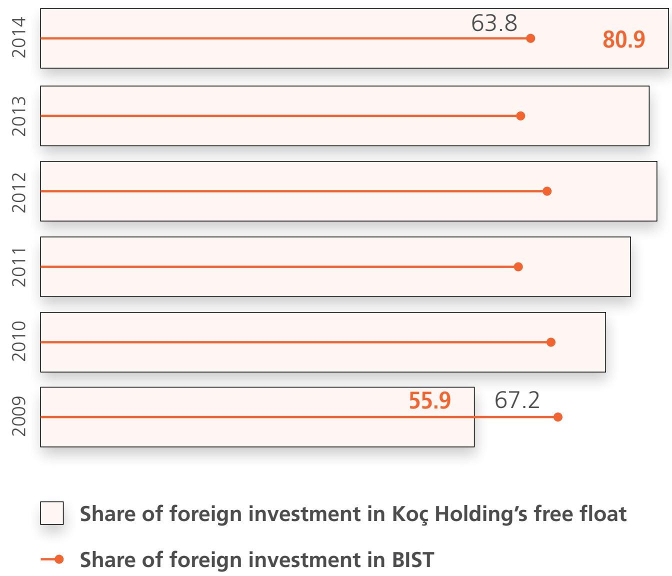
In 2014, Koç Holding outperformed the BIST Holding Index as well as the BIST 30 Index. As of the end of 2014, while the BIST 30 Index and BIST Holding Index increased 29% and 24%, respectively, over the preceding year, Koç Holding's market value rose 43%.

SHARE PERFORMANCE (%)
(CHANGE OF 2014 OVER 2013)



The share of foreign institutional investors in Koç Holding has increased steadily. Over the past five years, the share of foreign investors in Koç Holding's free float rose to 80.9%, up from 55.9%. For the same period, the foreign share in the BIST's free float fell to 63.8% from 67.2%.

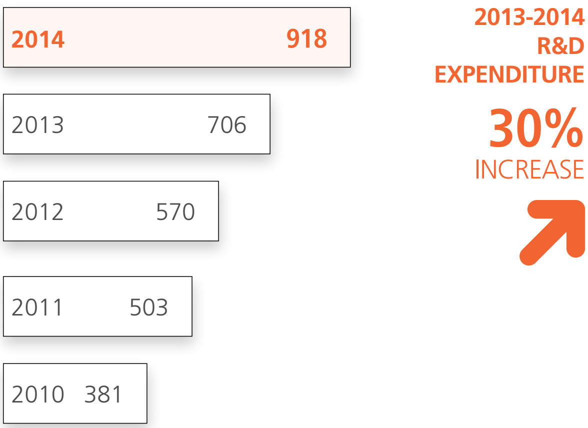
FOREIGN OWNERSHIP IN FREE FLOAT (%)



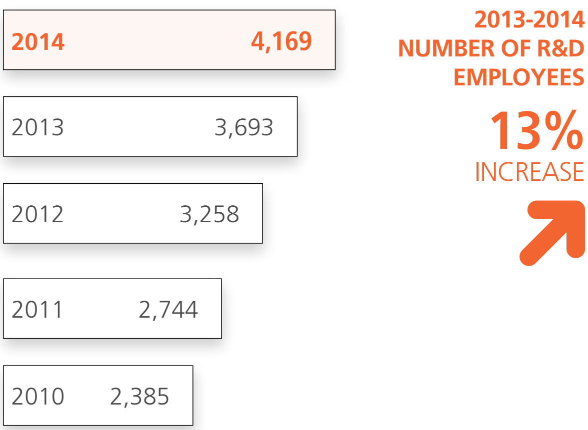
Research & Development

The leading Turkish Group on the global list of R&D spending

TOTAL R&D INVESTMENTS OF KOÇ GROUP COMPANIES (TL MILLION)



TOTAL R&D PERSONNEL OF KOÇ GROUP COMPANIES



The Koç Group is determined to enhance its competitive edge by leading in innovation and technology in its business areas. It maintains its focus on delivering innovative, environmentally friendly and energy efficient products and services.

In addition to TL 3.4 billion R&D investments between 2007-2013, Koç Group made an additional TL 920 million investment in R&D in 2014. Koç Group constitutes nearly 10% of total private sector R&D expenditure in Turkey.

European Union Projects

Koç Holding companies increased their involvement in EU-funded projects, with the number of projects under the EU 7th Framework Program (FP7) and in the Horizon 2020 (H2020) rising to 22, hence more than 50% more than the previous year, and the Eureka program reaching 24 and thus more than 85% more than the previous year.

The interim meeting of the project COMOSEF - Co-Operative Mobility Services of the Future, in which Otokar and KoçSistem partake as project stakeholders, took place in Istanbul and Sakarya in November under the responsibility of the Turkey Consortium, with the participation of over 20 partner firms hailing from 8 countries; and the first demo was showcased as part of the project.

With 12 ongoing or completed projects, Arçelik A.Ş. became the Turkish private company with the highest number of projects in the scope of the 7th Framework Program in 2014. Meanwhile, the projects named FoF (Factories of Future) and "ProRegio - Customer-driven Design of Product-services and Production Networks to Adapt to Regional Market Requirements" became entitled to the support of the European Union, as part of its recently launched program H2020. Furthermore, Arçelik preserved its leading position in the Eureka program, which accepted three of its projects initiated in 2014.

As the very first Turkish company to assume the role of Project Coordinator in the 7th Framework Program, Tofaş continued its "Robopartner" Project in 2014. In September. Tofaş organized a conference with speakers from CRF, Turin Polytechnics, City of Regensburg and Götaland Region, members of the SAGE (Safe and Green Vehicles Europe) Project Platform. At the event, 12 universities and TÜBİTAK Marmara Research Center

Environmentally-friendly and innovative products that raise customer living standards

(MAM) from Turkey made presentations and showcased their competencies, and possible cooperation opportunities between Project Platform and Turkey were discussed at length.

The project CyberWI (Cyber-Security in the Wireless Industrial Use Cases), which aims to provide communication and Internet security solutions for wireless devices in the industry, received acceptance and support in the international arena: Yapı Kredi is a partner of the project within the scope of the Eureka/Celtic-Plus Program.

Awards and Events

The 2nd Private Sector R&D Centers Summit was held in Kocaeli in March. According to 2012 data, Otokar in the automotive sector and Arçelik in the consumer durables sector were deemed worthy of first prizes in the R&D Centers Performance Awards.

The 3rd Private Sector R&D Centers Summit was organized in December in Ankara. R&D center performances were evaluated on the basis of 2013 data, and as a result, TürkTraktör, Arçelik-LG and Tüpraş were considered to host the best R&D centers in their respective sectors. Tüpraş, on the other hand, ranked 4th in the overall listing including 164 R&D centers.

Group companies participated in the third edition of the Turkey Innovation Week organized by Turkish Exporters' Assembly. On the second day of the event, Arçelik received the awards "Leadership in R&D" and "Leadership in Technology Development" from the Turkish Prime Minister Prof. Ahmet Davutoğlu. At the award ceremony of Turkey's first innovation development program InovaLİG – Innovation Leaders Program, held on the third day, Arçelik was granted the first prize in the category of "Innovation Strategy" from the Turkish President Recep Tayyip Erdoğan. Tofaş ranked 2nd in the Innovation Strategy category, while Yapı Kredi Bank-Tüpraş and Ford Otosan ranked respectively 4th and 5th in the Innovation Cycle category.

Arçelik A.Ş. garnered the "Grand Prize for Innovation" at the Young Turkey Summit which hosted 3,000 university students from 165 nations across the world and the 81 provinces of Turkey. The summit was organized around the theme "Think Innovation, Manage the Future" through a strategic cooperation of Yıldız Technical University, Ministry of Youth and Sports, Ministry of Science and Technology, Istanbul Metropolitan Municipality, Turkish Exporters Assembly and Istanbul Chamber of Industry.

At the 12th edition of the Innovation and Creativity Awards organized by TESİD, Arçelik won the Jury Special Award for its Enhanced Connected LED TV which boasts an advanced user interface and can run multiple applications.

At the Energy Efficiency Forum and Fair, one of the most important events of Energy Efficiency Week, Arçelik was awarded twice in the annual Industrial Energy Efficiency (SENVER) Project Competition of Ministry of Energy and Natural Resources. Arçelik's "A+++ -10%" tumble dryer garnered the "Most Efficient Product" award in the "Energy Efficient Product" category, and its dishwasher plant won the "Jury Special Award" in the "Most Efficient Industrial Plant" category.

At the Global Telecoms Business Innovation Awards, which designates the year's most innovative technology applications, Vodafone's My Business Partner and Ford Otosan's Ford Trucks Filobil project were awarded in the category "Business Solution Innovations".

The New Ford Tourneo/Transit Connect, engineered in large part by Ford Otosan, became the first light commercial vehicle to receive a Euro NCAP five-star safety rating in its class.

In a first for Turkey and the financial world, Yapı Kredi placed the Google search appliance product and search functionality at the center of its web page. This was designated as a Case Study by Google itself, and shared across the world as a best practice.

Yapı Kredi's "Branch Transaction Experience Project" garnered Turkey Researchers Association's "Innovative Owl Award."

In recognition of its drive for excellence in vineyard and orchard tractors, TürkTraktör was deemed worthy of "Tractor of the Year 2015," one of the most prestigious awards in the segment. In 2014, TürkTraktör also received the first prize at the Export Stars Awards in the category "New Market – Market Diversity Award" and came first at the DC Turkey CIO Summit 2014 Turkey with its IT Governance Project.

Research & Development

R&D efforts crowned with awards, expert R&D staff and Turkey's largest R&D center

Defense Industry

The 22nd project assessment meeting of Altay Project - Turkish National Main Battle Tank Program, was held in September at Otokar, with the participation of commissions from Undersecretariat of Defense Industry, Army General Staff, and Land Forces Command. The verification prototypes of the Altay Tank, with an indigenous design by Otokar, were manufactured and made ready for testing.

Energy

As part of its R&D activities, Tüpraş has carried out 10 TEYDEB-approved projects, two EUREKA projects and one ARDEB 1003-supported project in 2014. Spread across a covered area of 7,258 m², the Tüpraş R&D Center Campus was commissioned in early 2014. Following the project entitled "Exchanger Pollution Monitoring, Modeling, Simulation and Optimal Maintenance Planning to Reduce Refinery Energy Waste", a simulation program was developed and field work was initiated. As part of the project, patent applications were made and Tüpraş's first commercial product with international brand certification, "HexMon", was developed. Tüpraş has also launched the country's only R&D labs focusing on energy and refining, which are planned to serve other companies in the near future.

In collaboration with Koç University, Opet continues to work on the project "Real Time Detectable Sticker and Sensor for Liquids" initiated in July 2012. Opet has also set up a nano technology lab at Koç University. The first lab of its kind in the world in terms of products, and the only lab of its kind in Europe in terms of equipment, Koç University Opet Nanomaterials Research Laboratory (KUNAL) aims at developing technological products with high added value.

Carrying out three TÜBİTAK-approved R&D projects, Aygaz has arrived to the industrial scale unit installation and commercialization stage in the TEYDEB-funded R&D project "Elimination of Heavy Hydrocarbons." Co-developed by Tüpraş and Aygaz, the "Olefin Oligomerization Light and Medium Distillate Production" project was initiated with support from TEYDEB.

Automotive

In the last ten years, the number of Ford Otosan's highly qualified R&D personnel has increased by leaps and bounds. The number of our R&D employees, which stood at 200 at the beginning of 2000s, has reached 1,350 as of year-end 2014. This growth continued with the inauguration of Sancaktepe R&D Center at year-end 2014. This center was named by the Ministry of Science, Industry and Technology as "Turkey's Largest R&D Center."

At the end of a 40-month period which includes engineering, prototype, factory construction and manufacturing preparations, Ford Transit and Tourneo Courier models started being produced in May 2014 at Ford Otosan's Yeniköy Factory. The vehicle, whose entire engineering responsibility has been assumed by Ford Otosan, is Ford's very first light commercial vehicle on the B (small) platform.

In yet another ground-breaking achievement for the Turkish automotive industry, Ford Otosan exported technology to China in 2014. As per an agreement reached with Jiangling Motor Corporation (JMC), the Ecotorq engines, whose intellectual property rights are owned 100% by Ford Otosan, will be manufactured in China, the world's largest truck market. In July 2014, Ford Otosan added another achievement on top of this one, reaching another agreement with the same firm by granting them a license for the chassis and cabin technology of existing trucks.

Ford Otosan opened its second Engine Test Center in Eskişehir İnönü Factory, following the one in Gölcük. Meanwhile, at Gölcük R&D Center, the EUR 1.5 million Exhaust Gas Emission Systems Test Center was inaugurated. Located in Ford Otosan Gölcük R&D Center, the plant stands out as the only Ford facility of its kind in the world.

Otokar completed the accreditation process for Turkey's largest and the world's most modern Electromagnetic Compatibility Test Center. The Center offers electromagnetic compatibility certification and testing services for the automotive and defense industries.

As part of our commitment to sustainable leadership, we continue to offer consumers many "mosts" and "firsts"

Otokar has released to the market its new, 10-meter bus Doruk LE, which boasts a high passenger capacity. The Company participated in the Eurobus Expo 2014 fair in Birmingham, UK, with new models featuring right hand drive.

Tofaş launched a new version of Doblo dedicated for the North American market.

Tofaş continued its work on the development of a new passenger car platform customized to meet the needs of Turkish, European and American clients, as well as the new Sedan vehicle. In 2014, the Company decided to invest in two new models, HB and SW, in the same car family and initiated the projects.

TürkTraktör inaugurated its factory in Erenler/Sakarya which has an open space of 220,000 m^2. In 2014, the Company released the models New Holland TR6 Series, TDD Delta Series, T5 EC, T6 AC, T480S and New Holland TD4B.

Consumer Durables

Maintaining its sustainable leadership, Arçelik continues to offer consumers many "mosts" and "firsts." Thanks to intensive R&D efforts, Arçelik has managed to stand out among the competition in environmentally-friendly and energy efficient products such as "The Most Energy Efficient Dishwasher," "The Most Energy Efficient No-Frost" and "Static Combi Refrigerator."

At one of the world's most important consumer electronics fairs, held in September in Germany, the Company showcased to consumers a number of innovative products including washing machine with CoolHygiene® technology and dishwasher featuring Auto GlassShield® technology.

Arçelik-LG has completed its product range fully compatible with the energy regulation which came into effect on January 1, 2014. For this purpose, the Company carried out projects which enhanced the heating efficiency of its devices, in order to meet the heating performance revision made to the said regulation, which came into effect on January 1, 2015.

Other

Yapı Kredi's two San-Tez projects received support from Ministry of Science, Industry and Technology. The project Q-Track, carried out in partnership with Gebze Advanced Technology Institute, is designed to track the physical movement patterns of customers in branches. The other San-Tez project is an augmented reality application running on the SARAS phone camera, carried out in collaboration with Galatasaray University.

In three years, Yapı Kredi's idea-generating system Evreka received 30,000 suggestions from employees, 200 of which were put into practice.

Eight Koç Sistem projects received approval on the Eureka platform. The support process started for five Eureka/ITEA2 projects, whose TÜBİTAK processes are still ongoing. The joint San-Tez Project of KoçSistem and Işık University received approval from Ministry of Science, Industry and Technology. KoçSistem joined the ITEA Board of Directors to represent Turkey.

Tat Gıda became the first company to host the Koç Innovation Program, designed to bring out innovative and creative ideas and transform these into products and services which will add value to our business. All process of the program was completed. The portal "İYİFİKİR (Good Idea)," which collects and assesses new ideas and ensures the continuity of information flow, was integrated with the recently launched R&D portal. The R&D study entitled "Lycopene Extraction from Tomato and Production Waste" was presented at the 2nd International Food Technology Congress.

Koç Innovation Program

Industrial power, start-up spirit

Koç Group's innovation strategy is based on the following principles:

1. Building a culture of innovation and creating the right working environment to enhance our innovation capacity,
2. Cultivating the corporate entrepreneurship ("Intrapreneurship") across the Group, and supporting employee entrepreneurial dispositions and efforts,
3. Extending innovative endeavors not only across product and service development activities, but also towards all business units and operations,
4. Increasing partnerships with external stakeholders, an important source of innovation, and managing such collaborations in a more efficient manner,
5. Managing innovative operations within specific processes to ensure their sustainability.

In order to implement its innovation strategy, the Group launched the Koç Innovation Program in 2013. As part of this program, innovation management systems are either built up or enhanced at Koç Group companies. These systems are established in line with the Innovation Management Model, devised by Koç Group according to its specific needs.

As part of the Corporate Entrepreneurs program, the key force in putting innovation into practice, are supported with various training programs, mentors, new project management techniques and awards. Great emphasis is placed on "Corporate Entrepreneurship (Intrapreneurship)" efforts. Furthermore, a lot of activities are conducted on "Business Model Innovation", a key area of innovation, as well as on increasing the "Open Innovation" capacity. In innovation projects which are carried out as part of this program in Koç Group companies, working methods similar to start-ups are encouraged and thus commercialization periods and costs are cut drastically. Thanks to all these efforts, the Group aims to enter new markets and grow, build the culture of innovation in companies and cultivate Corporate Entrepreneurs.

Under the Koç Innovation Program, the innovation management systems of Koç Group companies are enhanced and the innovation competencies of Koç Group companies are monitored on an annual basis and developed through the Koç Innovation Index.

Intellectual Property

More than **7,100** trademarks
More than **3,000** patent families
More than **6,600** patents
More than **700** industrial designs
More than **4,200** internet domain names
Turkey's largest intellectual property portfolio

YEARLY PATENT APPLICATIONS OF KOÇ GROUP

2014	**563**
2013	400
2012	310
2011	273
2010	253

The Koç Group derives its growing competitiveness from innovations it makes in all fields. Therefore, Koç Group's intellectual property rights constitute one of its most important drivers of growth, competitiveness and profitability.

With the goal of increasing value for investors, the Koç Group increases investment in intellectual property year after year and places great importance on intellectual property management.

The Koç Group defines its intellectual property rights strategy as follows:

1. Maximizing its use of the intellectual property rights system to obtain a sustainable competitive advantage and achieve the best business results,
2. Protecting difference-making innovations and strong brands in its markets of operations,
3. Creating value by managing its intellectual property portfolio in alignment with business goals,
4. Commercializing intellectual property through acquisition, sale or licensing and being open to partnerships in this field,
5. Respecting the intellectual property rights of others.

Koç Group is the first group in Turkey to have established and shared an intellectual property strategy with its stakeholders. Koç Group initiated the Koç Intellectual Property Management Project to implement the Group's intellectual property strategy. This project has facilitated important gains and it will strive to do more.

The Koç Group intellectual property rights portfolio - consisting of over 7,100 trademarks, 3,000 patent families and 6,600 patents, 700 industrial designs and 4,200 internet domain names - is the largest in Turkey and the most important one in the region in which it operates.

The Koç Group of Companies filed 400 patent and utility model applications in 2013 and 563 such applications in 2014. Koç Group companies are Turkey's patent champions. According to "The Top Local Patent Applicants List - 2013" of the Turkish Patent Institute, four Koç Group Companies rank on the top 10 list and three other Koç Group Companies are on the top 30 list. Arçelik takes the 1^{st} place, while Ford Otosan is 2^{nd}, Tofaş is 6^{th} and TürkTraktör is 9^{th}. Other Koç Group Companies that rank on the top 30 list are Otokar, Arçelik-LG and Tüpraş.

In 2014, Koç Holding organized an event to celebrate "World Intellectual Property Day." On this occasion, the most recent international intellectual property rights practices were discussed. Group companies which are patent champions were awarded by Koç Holding top management.

In addition, the Koç Group has pioneered many efforts to develop Turkey's intellectual property rights ecosystem and to spread intellectual property rights usage more actively in Turkey's commercial arena. The Group also shares its experience in this area through various seminars and conferences.

if not us,
then

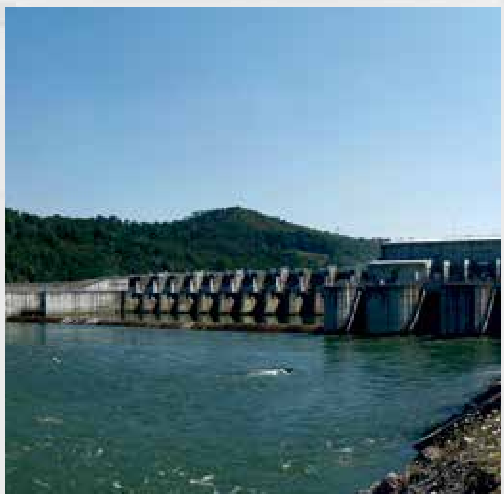
WHO

WE WORK DILIGENTLY TO MEET THE ENERGY DEMAND OF OUR NATION, UNDERTAKING MAJOR INVESTMENT PROJECTS AND CONTRIBUTING TO THE NATIONAL ECONOMY…

ENERGY

US$
3 BILLION
Residuum Upgrade Project Investment

US$
1 BILLION
Annual contribution to decreasing the current account deficit



Energy

During the second half of the year, when there was an oil price slump, product prices demonstrated a positive performance while the Mediterranean refinery margin increased compared to 2013.

Developments in the fuel oil sector in 2014

Starting 2014 at US$ 108 per barrel, the oil prices closed the year at US$ 55 per barrel due to: i) the slowdown in the world economy during the second half of the year, ii) strong dollar and iii) continuing oil supply surplus due to OPEC not reducing its production. In line with the 3.3% growth in the world economy, the daily average of world oil consumption reached the level of 92.5 million bbl/day, a limited increase of 0.7% YoY.

During the second half of the year, when there was an oil price slump, narrowing impact of the global maintenance shutdowns on product supply in spite of the high oil demand in the USA and developing markets, and relatively declining price of heavy oil caused product price ratios in the Mediterranean region to demonstrate a more positive performance especially in the second half of the year while the Mediterranean refinery margin showed a limited increase compared to 2013.

2014 was a year where there was a significant slump in fuel oil prices together with crude oil prices. The slump in product prices in international markets in second half of the year had a positive impact on pump prices for Turkish customers.

2014 was an active year also for the fuel oil distribution sector in Turkey. In March 2014, the Energy Market Regulatory Authority (EMRA) implemented a price ceiling on gasoline and diesel products for two months when profit margins were fixed. Moreover, EMRA issued a new regulation in November stipulating the determination of the pricing mechanism in our country by taking the margins in various European countries as a reference.

In terms of volume, there was a growth of 4.8% in white products (gasoline and diesel) and a decline of 9.8% in black products (fuel oil and heating oil) in 2014 compared to those of 2013.

LPG sector developments in 2014

Internationally, the LPG sector grew in 2013, with consumption rising by 2.8% to 265 million tons, outpacing the growth of global energy consumption of 2% and of natural gas consumption of 1.1%. Natural gas production increased 1.1% in the year and LPG production rose 2.1% to 280 million tons globally.

While household consumption that constitutes 45% of the world's LPG consumption maintains its characteristic to be the largest area of utilization, autogas use that has a big share in Turkey reached 26 million tons, increasing 8%.
Turkey's LPG consumption, which ranked 15th in the world and 2nd in Europe after Russia, was 3.7 million tons in 2014.

In the consumption breakdown of our country; while autogas has the biggest share with 76%, the share of cylinder gas used in about 7.5 million houses and workplaces was 22%. Although cylinder gas market in Turkey has contracted in 10 years due to widespread use of natural gas, today it is still the 5th largest market in Europe.

As the 3rd largest autogas market in the world and the 2nd largest in Europe, Turkey's autogas consumption reached 2.8 million tons increasing by 4% compared to 2013. The autogas market in Turkey ranked 1st in the world in terms of the number of vehicles and ranked 3rd in terms of consumption. In more than 4 million vehicles that constitute 42% of the total number of automobiles, autogas is preferred.

Electricity sector developments in 2014

Parallel with economic growth, Turkey's consumption of electricity increased 4.1% YoY and reached 255.5 TWh in 2014.

Due to drought in the 2013-14 winter period, hydro-based production decreased by 32% compared to 2013 and its share in the total production went down from 24.7% to 16.1%.

The eligible customer limit, which gives electricity consumers the right to choose providers, was set at 4,500 kWh/year in 2014.

Privatizations of the distribution asset were completed with all distribution regions being transferred to the private sector. Production plants by the Electricity Generation Company (EÜAŞ) continued to be privatized. Yatağan, Yeniköy, Kemerköy and Çatalağazı thermal power plants were transferred to the private sector.

The Energy Market Regulatory Authority (EMRA) continues to restructure regulations. The Electricity Market Law No. 6446 calls for the establishment of a company, Enerji Piyasaları İşletme A.Ş. (EPIAŞ), to operate the Energy Exchange with the intent of creating a more liberal and transparent electricity market.

Koç Holding Energy Group

In the oil industry where competition continuously intensifies, Tüpraş's investment expenditure in the 2006-2014 period reached US$ 5.2 billion. Processing heavy petroleum products that had a slump in consumption in recent years, the US$ 3 billion Residuum Upgrade Project which will convert fuel oil products into high-value, environment friendly white products at Euro V-Standard, was completed and operations were launched. It is anticipated that the current deficit of Turkey will decrease by US$ 1 billion with this project. In this project, 8,000 persons were employed during construction and installation phases while employment opportunity was created for additional 500 persons after the operations were launched.

Opet maintained its 2nd position while registering the highest market share gain in the sector. The Company aims to be the first choice of consumers in its sector with its excellent service approach. As an indicator of reaching this target, the Company achieved to be the sector leader for 9 consecutive years according to the results of the Customer Satisfaction Index survey organized by the Turkish Quality Association (KALDER). With these results, Opet achieved to be the permanent leader with the importance it gives to its customers.

According to EMRA data, Aygaz maintained a clear lead in the LPG sector with a 28.6% market share. Aygaz has a market share of 42.7% in the cylinder gas and 24.2% in the auto gas market. While reaching the record market share in LPG, the highest market share was also accomplished in autogas since 2006 - the date EMRA began to publish the sector report.

With its total installed capacity of 364 MW, Entek increased sales revenue by 16% in 2014.

Energy/Tüpraş

Extensive investments that pave the way for the future
Enhancing the country's production power

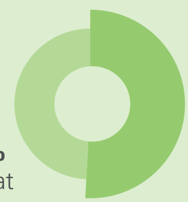
Please use the adjacent QR code to reach detailed information about Tüpraş.

Tüpraş

TOTAL REVENUES

39,723
(TL million)

SHAREHOLDER STRUCTURE



51.00%
Enerji Yatırımları A.Ş.

49.00%
Free Float

DOMESTIC MARKET POSITION

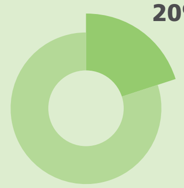
Turkey's **sole** oil refining company

51% share in the petroleum fuel products market, including only gasoline, diesel fuel and jet fuel

INTERNATIONAL MARKET POSITION

Europe's **7th** and the world's **28th** largest refining capacity

SHARE OF INTERNATIONAL REVENUES



20%

PROFIT BEFORE TAX

184
(TL million)

NET INCOME

1,459
(TL million)

Tüpraş, Turkey's sole oil refiner, operates four refineries in Izmit, Izmir, Kırıkkale and Batman, with a total annual crude oil processing capacity of 28.1 million tons. It is Turkey's largest industrial company by revenue and added-value generated. As Europe's 7th largest refining company, Tüpraş is among the most complex refiners in the Mediterranean region, with a Nelson Complexity Index of 7.25.

Strategy

The main focus of Tüpraş's strategy is meeting the nation's need for petroleum products, shaping the sector with its innovative practices and maximizing customer satisfaction. Tüpraş is keen on lowering its cost base and standing out among its peers by implementing the best technologies available in operational advancement.

Tüpraş investment spending from 2006 to 2014 stands at US$ 5.2 billion. The Residuum Upgrade Project (RUP), commissioned in December 2014, will bring the Company's Nelson Complexity index up from 7.25 to 9.5. Aware of ever rising competition within the sector, Tüpraş aspires to the highest level of operational excellence to maximize value for Turkey and the Company's shareholders. To accomplish this, Tüpraş targets to be in the top quartile among refineries worldwide, in terms

of technical availability, energy intensity, and operating cost efficiency indices.

74.9% capacity utilization in spite of the optimum production policy and maintenance works carried out before the Residuum Upgrade Project

As a result of maintenance downtime that was carried out at Izmit Refinery for the Residuum Upgrade Project, planned refinery maintenance in other refineries and stock optimization programs, a capacity utilization of 74.9% and a white product yield of 72.2% was realized in 2014.

The Company supplied 16.9 million tons of products to the domestic market and exported 5.3 million tons. Sales totaled 22.2 million tons.

US$ 3.0 billion Residuum Upgrade Project was completed

The US$ 3 billion Residuum Upgrade Project, which will enable about 4.2 million tons of heavy fuel oil products, to be converted into about 3.5 million tons of more valuable and more environmentally friendly white products, mostly Euro V diesel, is completed.

Expected to cut Turkey's current account deficit by US$ 1 billion, the project created 8,000 jobs in the construction and installation phases and has provided employment to 500 persons upon inauguration.

At the İzmir Refinery, the Nelson Complexity, which points to the ratio of high value added end-products in overall production, will go up from 7.78 to 14.5 upon the commissioning of the project, making refinery with one of the world's most complex.

Strong Corporate Governance

In an assessment based on the new methodology issued by Capital Markets Board in January 2014, Tüpraş's Corporate Governance Rating was assessed as 9.31 in October 2014, owing to the importance it assigns to corporate governance principles and the improvements it has carried out. As such, the Company has maintained its place among top-ranking companies since the creation of the index in 2007.

Awards and achievements

- 1st place in Istanbul Chamber of Commerce (ISO) 500 Companies, Fortune 500 and Capital 500 listings
- Turkey's 2013 export champion
- An overall score of 9.31 in the BIST Corporate Governance
- Among the top 15 in the BIST-30 Sustainability Index
- Sustainability Award in the "Large-scale Enterprise" category of Kocaeli Chamber of Industry (KSO) Sector Performance Awards
- Batman Refinery granted first prize at the "Industrial Energy Efficiency Project Competition SENVER 14" in the "Most Efficient Industrial Plant" category
- 4th in the Turkey Innovation League's "R&D Management" category
- Designated "Best R&D Center" at the 3rd Private Sector R&D Centers Summit
- 26th with 10 patent applications
- Residuum Upgrade Project - Control Building Leed Certificate Gold Level

MARINE TRANSPORT: DİTAŞ

Ditaş, a 79.98%-owned subsidiary of Tüpraş, provides crude oil and petroleum products logistics and transportation services to Tüpraş. In 2014, it carried 8.6 million tons of Tüpraş cargo - 4.9 million tons of crude oil and 3.6 million tons of refined products. Ditaş's tanker fleet, which started operations in 1974, now includes a 164,859 dwt crude oil carrier, four refined products carriers with a total of 79,685 dwt capacity, as well as time chartered vessels. In addition, Ditaş provides pilotage, tugboat and mooring services with 11 tugboats and seven mooring boats and a pilot boat. Two 19,500 dwt tankers were also added to Ditaş's tanker fleet to transport the semi-finished charge from the Izmir refinery to Izmit Refinery's RUP units.

Energy/Opet

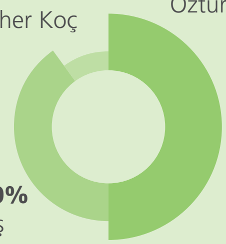
The unrivaled leader in customer satisfaction for 9 consecutive years
Fastest growing company in the fuel oil distribution sector

Please use the adjacent QR code to reach detailed information about Opet.

TOTAL REVENUES

20,831
(TL million)

SHAREHOLDER STRUCTURE



DOMESTIC MARKET POSITION

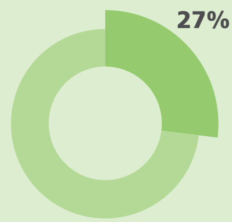
2nd in white products with **17.9%** market share

2nd in black products with **13.5%** market share

NET INCOME

6
(TL million)

SHARE OF INTERNATIONAL REVENUES



PROFIT BEFORE TAX

26
(TL million)

Opet conducts retail and wholesale operations in the fuel distribution sector. It sells jet fuel, provides storage services and engages in the international trade of petroleum products. The Company also produces and markets mineral oils through Opet-Fuchs, a 50-50% partnership with German lubricant producer Fuchs; and supplies and sells jet fuel through THY-Opet, a 50-50% partnership with Turkish Airlines.

In 2014, Opet held onto its number two position in the sector by again recording the fastest growth in fuel oil distribution sector.

THY-Opet serves numerous domestic and foreign airlines at all of Turkey's 51 airports. THY-Opet increased its jet fuel sales volume by 15% over 2013 to reach 3.5 million m³ in 2014.

As a response to the five year limitation imposed on dealership agreement durations, Opet Aygaz Gayrimenkul A.Ş. was established as a 50-50% partnership with Aygaz to purchase gas station real estate, so as to not to make payments every five years and risk losing dealership locations. Opet Aygaz Gayrimenkul A.Ş. owned 18 stations as of year-end 2014.

In 2014, Opet took a crucial step in R&D and established Kuantag Nanotechnologies Development and Product Inc., in collaboration with Koç Holding and Koç University's seed capital company, Inventram, to develop, manufacture and commercialize nanoparticle electronic detector and sensor systems which will identify and register liquids in real time.

Awards and achievements

Opet aims to be the first choice of consumers through its philosophy of "supreme service" with nearly 1,400 Opet and Sunpet dealers. Opet's unrivaled leadership in customer satisfaction for nine consecutive years, according to the Turkish Quality Association's Customer Satisfaction Index, has been the most important indicator of its success in achievement of its aim. It has achieved sustainable leadership due to the importance it places on customer satisfaction.

In 2014, the Company's achievements were crowned with numerous awards:

- Lovemark in the Fuel Distribution Sector
- Stevie, Best Customer Services, Best New Product and HR as value added service provider and Mobile HR Applications
- LACP, Gold Medal - Best Sustainability Report, Most Improved Report
- Loyalty 360 Awards, Platinum Award - Customer-Focused Activities
- GFK Turkey Prestige Index, Most Prestigious Company
- TİSK, Clean Restroom - Efficiency
- Game Changers Awards - Clean Restroom Campaign -"Inspire" category

Respect for the environment and social responsibility

Opet conducts all its operations in accordance with the highest ethical standards and with a strong sense of responsibility towards its stakeholders. This awareness guides the Company in its development of social responsibility projects. Having embedded social responsibility into its corporate culture, Opet has carried out many social responsibility initiatives, such as Respect for History, Green Path, Model Village, Clean Toilet and Traffic Detectives.

2015 and beyond

The continuous improvement of product and service quality through a customer-focused approach is the foundation of Opet's corporate strategies going forward.

2015 will be a year marked by intensified activity in dealership agreement renewals and transfers, as a large number of agreements signed in 2010 following the regulation change will expire. Opet aims to maintain customer satisfaction and preserve its current station network, on the one hand, and expand its network by adding new stations, enlarge its market share and grow its business, on the other.

Energy/Aygaz

A brand closed identified with the LPG product

A Company that creates awareness with an environmentalist approach, investments and social responsibility projects in the least embraced areas

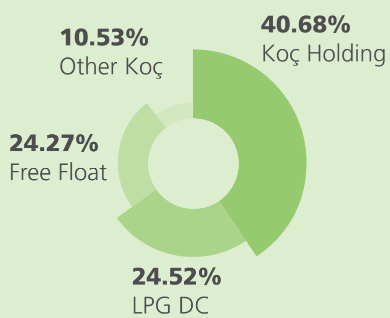
Please use the adjacent QR code to reach detailed information about Aygaz.

AYGAZ

TOTAL REVENUES

7,061
(TL million)

SHAREHOLDER STRUCTURE



DOMESTIC MARKET POSITION

Leader in the LPG market since its founding in 1961

Leader with **43%** market share in cylinder gas, **highest in its history**

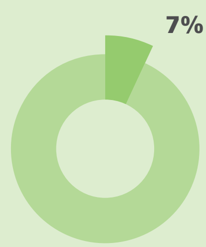
Leader with **24%** market share in autogas

Leader with **29%** market share in total LPG markets

INTERNATIONAL POSITION

Europe's **5th** largest LPG distribution company

SHARE OF INTERNATIONAL RESERVES



NET INCOME

218
(TL million)

PROFIT BEFORE TAX

237
(TL million)

The country's first and only publicly traded LPG Company, Aygaz, which was the first Koç Holding company in the energy sector, ranks 10th on the Istanbul Chamber of Industry's listing of Turkey's largest industrial enterprises. Established in 1961, Aygaz has maintained its lead in the domestic LPG market.

An efficient dealer and distribution network

Providing services across the country through 2,200 sales points with the Aygaz, Mogaz and Lipetgaz brands, Aygaz maintains a competitive edge in the cylinder gas market owing to its well-established dealership structure, an institutionalized business culture, proximity to customers as well as high quality and swift services. While the overall total demand in Turkey grew 1.6% in 2014 over the previous year, LPG sales of Aygaz increased 1.2%.

According to the Turkish Quality Association's Turkey Customer Satisfaction Index (TMME) 2014 survey, Aygaz maintains leadership in customer satisfaction in the sector.

In 2013-2014, as part of Aygaz Summer Festival, the Company reached out to over 15,000 consumers in 20 locations in Turkey. At the event, participants were also informed about Koç Group's "No Barriers for My Country" campaign, which is designed to raise awareness about citizens with disabilities and make their lives easier.

Aygaz's autogas sales rose 4% over the previous year to 688 thousand tons. In 2014, Aygaz expanded its distribution network by 6% which is the most extensive in Turkey with over 1,600 licensed autogas stations.

In order to enhance the perceptions of potential customers about autogas, the Company carried out communication activities under the umbrella of the project "Geleceğe Yol Al (Head to the Future)." Under the project, the LPG information website www.gelecegeyolal.com was launched. The site also draws attention to climate change and what can be done to counter it. The project was promoted among mass audiences through both digital and conventional communication channels. There was one-on-one communication activities with consumers through 13 roadshows organized in 10 provinces. Roadshows reached out to over 360,000 individuals.

Aygaz also launched the website www.otogazla.com in 2014 to enhance its relations with autogas conversion firms. The web site brings together consumers who want to convert their car to LPG with Aygaz Conversion Club members. The Company continued to invest in the Club and helped improve the service level in these centers with various training programs. Some 131 conversion centers in 42 provinces were visited and 320 employees were trained.

Investments

The capital expenditures of Aygaz and its subsidiaries reached TL 81 million in 2014.

The Company acquired a 24.81% stake in Entek Elektrik Üretimi A.Ş. from AES Mont Blanc Holdings B.V., bringing its total share holding to 49.62%.

Pürsu

In 2014, water sales were conducted in four regions, 31 provinces through 525 dealers. Carboy water sales increased 22% over 2013 to a total of 6.6 million units. With this sales volume, the Company reached a 2.1% market share in the carboy water sector, where over 300 firms compete and the market leader has an 11% share following recent acquisitions.

Main awards

- According to the "Turkish Customer Satisfaction Index" by Turkish Quality Association and KA Research, Aygaz was named the leader of the cylinder gas sector and received a Silver Prize, the Company's fifth customer satisfaction award
- For its advertisement efforts, Otogaz garnered the Bronz Effie at "EFFIE Turkey Advertisement Event," the Kırmızı Award at "Kırmızı: The Best in Media Advertisement" award organization, and one Crystal, one Silver and two Bronze Apples at the "26th Crystal Apple Creativity Festival"
- At Export Stars Awards organized by İstanbul Mining and Metal Exporters Union (İMMİB), the Company came in first in the mineral fuels category
- By upgrading its corporate governance rating to 9.29, Aygaz made it to the top three in the BIST listing and the top 150, the uppermost level, in the global listing of the World Corporate Governance Index

2015 and beyond

Aygaz's main goal is to be the leading energy solutions provider in Turkey and other potential LPG and natural gas markets. Foremost among Aygaz's short- and medium-term strategies is increasing the Company's market share across all segments to sustain leadership and raise profitability. Its long-term goal is to expand its energy product and service offering by generating alternative projects that will meet Turkey's growing energy needs.

AYGAZ DOĞAL GAZ

In addition to selling and transporting liquefied natural gas (LNG), Aygaz Doğal Gaz sells natural gas obtained in the domestic market through pipelines to eligible consumers.

The Company's sales revenues increased 122% to TL 962 million in 2014. The Company signed natural gas procurement deals reaching 1.1 billion m^3 with import companies in 2014, and managed to nearly double its turnover.

Energy/Entek

Total installed capacity of 364 MW

Please use the adjacent QR code to reach detailed information about Entek.

Koç Group's power generation company, Entek, currently has a total installed capacity of 364 MW. This includes two natural gas combined cycle plants with a total capacity of 300 MW (in Kocaeli and Bursa), one 2 MW gas motor-based cogeneration facility (Istanbul Koç University) and three hydroelectric power plants with a total capacity of 62 MW (two in Karaman and one in Samsun).

With the addition of 5,500 MW generation capacity in 2014, Turkey's total installed capacity grew to 69,516 MW, of which 38,191 MW is owned and operated by the private sector.

As of year-end 2014, Entek has a 1.1% share in total installed capacity and 0.95% in total electricity generation of the private sector. As of year-end 2014, consolidated revenue stood at TL 395 million.

Upon the decision of our partner, AES, to exit the Turkish market, its shares were acquired from the other main shareholders, Koç Holding and Aygaz. In addition to its power plants in operation, Entek also has a 50% share in a 625 MW imported coal-fired power plant project. The Company also acquired a 0.05% stake in EPIAŞ, the newly established company to operate the Energy Exchange.

While Entek's natural gas power plants are base load power plants, they also have a flexible operating regime that enables them to mitigate market risks and remain competitive. Direct busbar sales and steam customers from the Kocaeli plant bring distinctive advantages. The Company's natural gas power plants provided secondary frequency control services, generating significant income. In 2014, similarly Eltek, the Company's wholesale subsidiary, contributes to Entek's competitiveness through its ability to step in when system prices are low and purchase power from various sources.

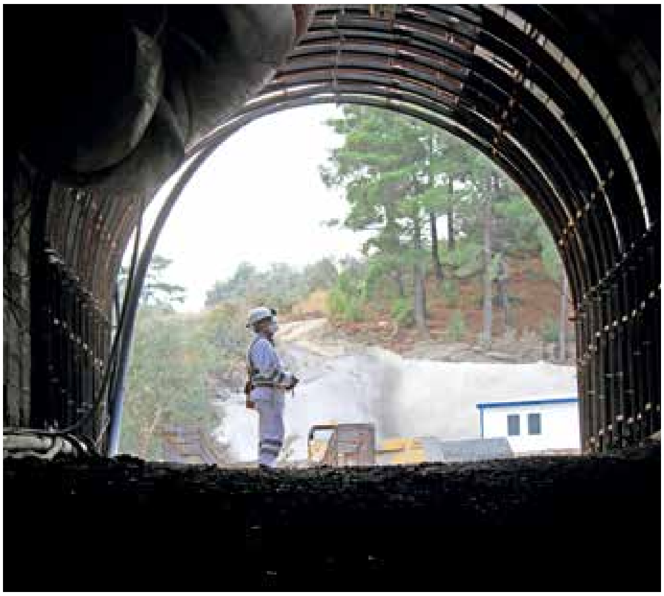
The flexibility of Entek through Eltek is a significant mitigant for the low system prices and natural gas take-or-pay risks by purchasing electricity from the system and selling it to customers, thereby minimizing production and income risks.

2015 and beyond

Entek, by focusing on alternative resources, targets to pursue organic and inorganic investment opportunities and increase its market share.

Energy/Demir Export

One of Turkey's largest and most well established mining companies



Please use the adjacent QR code to reach detailed information about Demir Export.

Demir Export is one of the largest and most well established mining companies in Turkey. The Company mines and sells coal, iron ore, copper and chromite concentrates from 13 mining operations in various parts of Turkey as of 2014.

In 2014, the equipment necessary for the Eynez East Underground Coal Project in Soma, Manisa was transported on site and preparation on the first longwall production panel was completed. Some 40,000 tons of coal extracted in the construction phase was sold. Demir Export, in line with its slogan "our most important underground asset is our workforce," is about to complete this fully mechanized coal mine investment, the first of its kind in Turkey, with the highest standards of work safety.

The Environmental Impact Assessment (EIA) report of the Bakırtepe Gold Mine Project, which was previously recalled, was revised and a favorable EIA report was obtained in December 2014. In line with corporate social responsibility principles, the scope of the technical analysis was enhanced in due consideration of their social impact within the scope of the new EIA report. The investment in the mine is targeted to be completed and the first gold extracted in 2015.

The iron ore beneficiation plant at the Divriği Iron Ore Mine was completed and is set to start production in 2015. Ferrocom Madencilik, acquired in 2013, was merged with Demir Export. At Sivas Kangal Coal Plant, the agreement with the operating company, which expired in November 2014, was extended with a new 30-month agreement for 16.5 million tons.

Drilling operations continued for the Erzurum İspir Phase 1 copper-zinc project; work on environmental and social impact assessments was completed and the EIA application was filed. The goal is to receive all permissions and complete the engineering work in 2015, and start construction in 2016.

By conducting domestic and overseas exploration and project development activities for iron, gold, copper, silver, zinc and coal, Demir Export forges ahead towards its goal of becoming Turkey's largest and leading mining company.

if not us, then

WHO

WE HAVE PIONEERED THE CREATION OF THE TURKISH AUTOMOTIVE MARKET AND ITS EXPORT DRIVE TOWARDS GLOBAL MARKETS, THUS REPRESENTING THE NATION IN THE WORLD ARENA WITH OUR EXCELLENCE IN PRODUCTION AND R&D…

AUTOMOTIVE

23%

Market share of Koç Holding Automotive Companies, which are industry leaders

TL 3.5 BILLION

Investments of Koç Holding Automotive Companies

Automotive

Koç Group maintained market leadership with a 23.4% share in the automotive sector, which contracted 10% in 2014.

Developments in the automotive sector in 2014

In 2014, unit sales in the Turkish automotive industry were 807 thousand, a decline of 10% compared to 2013. The factors behind the slowdown in sales were:

- Increasing interest rates,
- Rising vehicle prices due to fluctuations in foreign exchange,
- Increasing special consumption tax rates for passenger cars applicable as of 1 January 2014,
- Restrictions brought by the Banking Regulation and Supervision Agency (BRSA) on vehicle loans,
- High base year,
- Volatility in financial markets and low level of economic activity and consumer confidence before the elections in March.

However, there were positive developments in domestic demand in the second half of the year due to decreasing political uncertainties and a relatively positive economy. The contraction slowed down in the shrinking economy was observed in the 3rd quarter of the year. A monthly basis growth was recorded in light commercial vehicles as of September and in the medium commercial vehicles as of August. Growth was recorded in all segments in the last quarter of the year. There was intensive price competition in the sector throughout the year.

On the other hand, in the European light commercial vehicle market - Turkey's largest export market - there was an 11% rise in sales volume according to the data announced by the European Automobile Manufacturers Association (ACEA).

The bus market which expanded in 2013 as a result of Istanbul Metropolitan Municipality bids, in particular, and of other high quantity purchases of the municipalities, contracted in 2014 due to the fact that the purchases were almost completed. New Mayors, after local elections left behind 2014, completed the year relatively without making purchases due to adaptation period.

The trailer market grew with the impact of the increase in trailer (suitable for train loading) demand compared to previous year. However, uncertainties at the South East border had a negative impact on the market. There was growth in the light truck market compared to the previous year.

The approach of procuring armored and tactical vehicles from domestic resources continued in line with the strategy that gives priority to the national and domestic projects in the defense industry of our country.

Developments in the tractor market in 2014

As of 2014 Turkey is in the 4th position in the world tractor market that reached 1.5 million tractors. While the tractor market contracted all across the world in 2014, only in Turkey and North America was there an increase in the market. This situation offers significant opportunities to producers. According to Turkish Statistical Institute data, more than half a million of the 1.6 million tractors in Turkey have outdated technical specifications. This situation significantly increases the renewal potential of the tractor sector. If this potential is considered wisely, an important amount of productivity rise is expected in the agricultural sector in the upcoming period. In parallel to the increasing importance of industrial agriculture in global markets and in Turkey, Turkish tractor market is expected

to show rapid growth in the coming period. For this process to carry on properly, it is vital to expand the incentives for modern agriculture techniques and agricultural mechanization. In addition, it is anticipated that the export potential of the sector will surge with the compulsory implementation, in 2017, of international standards like the 4th generation emission value in the domestic market.

Koç Holding Automotive Group

Koç Holding maintained its leadership with a 23.4% share in the automotive market, which shrank by 10% in 2014. Ford Otosan became 3rd in the automotive market with an 11.6% market share while Tofaş was in the 4th place with an 11.4% market share.

2014 was a year of transition for Ford Otosan as it completed the investment program it started in 2010 and launched new products while increasing its production capacity. Due to the product transition, there was a temporary weakness in production, sales and export figures. However, sales gained momentum with the new generation Ford Transit introduced in March, and Ford Courier introduced in May. After it was launched in B-segment light commercial vehicles, Ford Courier became the bestselling vehicle of its segment every month in the June-December period.

Achieving 19% of Turkey's total production in 2014 on its own, Tofaş exported about 142 thousand vehicles for the year. With the decision announced by the Company at the end of 2014, to make a US$ 520 million investment and manufacture hatchback and station wagon models, the new model projects' total investment amounted to US$ 1.4 billion. Doblo's export to North America also started up in 2014.

Otokoç Otomotive achieved about 62 thousand new vehicle sales with an 8% market share, while becoming the leader among corporate brands in second hand vehicle sales with 20 thousand sales. Within vehicle rental activities, operations were launched in Kazakhstan as the 3rd investment abroad after Azerbaijan and North Iraq.

Otokar completed 2014 as the leading bus manufacturer of Turkey for the 5th time and maintained its position as Turkey's leading manufacturer of land vehicles in the defense industry. In 2014, Otokar introduced "Doruk LE", a bus suitable for the disabled, and Engelsiz Sultan Maxi, a wheelchair accessible shuttle type bus; and it also added the environment friendly buses with Euro 6 emission level to its portfolio of products. Being Turkey's largest private capital company in the defense industry, Otokar was listed in the country's inventory in 2014 with the URAL, a tactical armored vehicle that was developed in 2013. Preferred by more than 30 countries in the field of defense industry, Otokar added two new countries to this list in 2014.

With the 45,823 tractors manufactured in 2014, TürkTraktör broke a new record in its 60 year history. Structuring its activities in line with the goal of creating value added for the development of Turkey's economy and agriculture, TürkTraktör opened a second plant in 2014 in Adapazarı Erenler. New production plants raised TürkTraktör's production capacity for both domestic and international markets.

Automotive/Ford Otosan

Turkey's trade powerhouse
Turkey's youngest commercial vehicle range
Turkey's automotive company with the largest production capacity
Export champion of the Turkish automotive sector

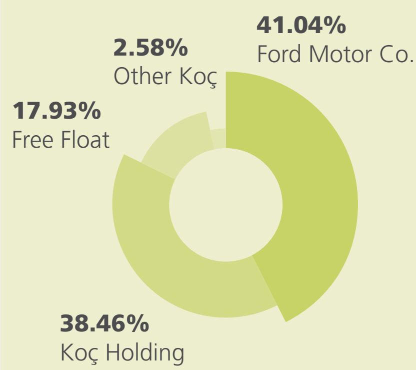
Please use the adjacent QR code to reach detailed information about Ford Otosan.

FORD OTOSAN

TOTAL REVENUES

11,925
(TL million)

SHAREHOLDER STRUCTURE



DOMESTIC MARKET POSITION

6th in the passenger car market with a **6.3%** share

2nd in the light commercial vehicle market with a **23.7%** share

Medium commercial vehicle market **leader** with a **31.7%** share

2nd in the heavy truck segment with a **21.8%** share

Leader in total commercial vehicles (excluding buses) with a **26.6%** share

3rd in the overall industry with an **11.6%**

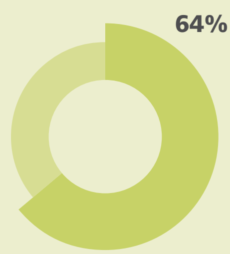
INTERNATIONAL POSITION

Exports to **73** countries

Responsible for **62%** of Turkey's commercial vehicles exports

Largest Ford **market share** in Europe at **26.1%**

SHARE OF INTERNATIONAL REVENUES



PROFIT BEFORE TAX

390
(TL million)

NET INCOME

595
(TL million)

Turkey's trade powerhouse
2014 was a year of transition in which Ford Otosan completed its investment program initiated in 2010, rolling out new products and expanding its production capacity. Owing to product renewals, however, there appeared a temporary weakness in production, sales and export figures. Nevertheless, the new generation Ford Transit was launched in March and Ford Courier in May, adding momentum to the sales performance. Ford Courier, following its launch, became the top selling car in the B segment light commercial vehicles from June to December.

Due to the rise in the foreign exchange rates in the first half of the year, passenger car sales were depressed.

In 2014, Ford Otosan ranked 3rd in the overall market, with a share of 11.6%. In commercial vehicles (excluding buses), the Company maintained its leadership with a 26.6% share.

Turkey's youngest commercial vehicle range

The first version of the new generation Transit was released to the market in March, and the product range was completed with the phases launched in April and October. Ford Courier was commercialized in May, following a successful 40-month period of engineering, prototyping, as well as factory construction, and manufacturing. The entire engineering responsibility of Courier, Ford's first light commercial vehicle on the B platform, rests with Ford Otosan.

Automotive company with the largest production capacity in Turkey

Total investment expenditures reached US$ 370 million in 2014. As part of Ford Otosan's ambitious investment program of US$ 1.4 billion, the Yeniköy Plant, constructed within a record time of 16 months and opened on May 22, has a high-level technology used for the first time in the Ford network. The Yeniköy Plant with an annual production capacity of 110,000 units will be Ford Courier's sole manufacturing center. With the completion of the investment, total capacity rose to 400,000 units at the Kocaeli plant and to 15,000 units at the Inönü Plant.

Export champion of the Turkish automotive sector

Despite a fall in the export volume owing to product transitions, Ford Custom's superior success helped Ford Otosan reach an export figure of US$ 3.2 billion in 2014 and become the export champion of the sector for the fourth time in a row, reinforcing its position as net exporter.

Ford's global engineering center for heavy commercial vehicles and related diesel engines and engine systems

Ford Otosan, which is Ford's global engineering center for heavy commercial vehicles and related diesel engine and engine systems, is also a support center for light commercial vehicle design and engineering. Gölcük Engineering Center focuses on engines and vehicle tests. Ford Otosan's technology and R&D center in Sancaktepe, the largest in the Turkish automotive sector, was established with a total investment of TL 60 million. The center works on the development of engines and engine systems. Sancaktepe R&D Center was certified by the Ministry of Science, Industry and Technology, becoming Ford Otosan's second R&D Center.

Gölcük R&D Center - Exhaust Emission Systems Test Center

The Exhaust Emissions Systems Test Center, which opened its doors at Ford Otosan's Gölcük R&D Center, is Ford's first facilities in the world delivering this type of service.

İnönü Engine Test Center

Ford Otosan's second Engine Test Center is the only such facilities in Turkey which can carry out tests for engines with a capacity of more than 13 liters.

Ford Otosan exporting technology to China

Ford Otosan signed an agreement with China's Jiangling Motors Corporation Ltd. (JMC) to have its patented Ecotorq engines manufactured in China, the world's largest truck market, for use in JMC vehicles. Ford Otosan thereby recorded another first for Turkey by exporting technology to China. In July 2014, a technology licensing agreement was signed with the same company for chassis, cabin and spare parts of the current trucks.

Truck manufacturing agreement with Avtotor in Russia

Ford Otosan signed a Memorandum of Understanding with Avtotor Holding to assemble trucks and tractors, manufactured at the Inönü Factory, in Russia.

Ford Otosan, with its 55 years history, is a technology company, having a perfect business model with vehicle and engine manufacturing capability, high engineering competency, competitive R&D organization and experience in exporting engineering. The Company continues to raise its level through new projects and investments. Following 2014, designated as the "Year of Commercial Vehicle," Ford Otosan declared 2015 as the "Year of Automobiles" and plans to make ambitious leaps in all models, starting with the launch of the new Focus in November.

Automotive/Tofaş

Major investments in the Turkish automotive sector
Light commercial vehicle market leader in Turkey
Producer of Doblo, Turkey's bestselling light commercial vehicle
The only Turkish company to produce both passenger cars and light commercial vehicles

Please use the adjacent QR code to reach detailed information about Tofaş.

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

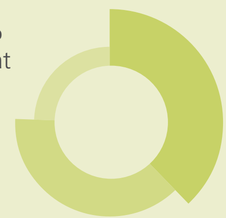
TOTAL REVENUES

7,440
(TL million)

SHAREHOLDER STRUCTURE

37.86%
Koç Holding and Koç Family

24.28%
Free Float



37.86%
Fiat

DOMESTIC MARKET POSITION

Best-selling light commercial vehicle brand with a **27.5% market share**: Fiat

Best-selling light commercial vehicle with a **12.3% market share**: Fiat Doblo

Longstanding **leader** in sales from domestic manufacturing with an **85%** share

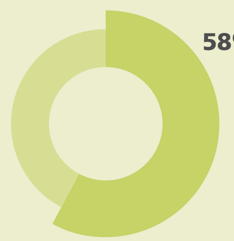
INTERNATIONAL POSITION

Exports to **80** countries

Exports to USA and Canada by the end of 2014

16% of Turkey's total automotive export

SHARE OF INTERNATIONAL REVENUES



58%

PROFIT BEFORE TAX

472
(TL million)

NET INCOME

574
(TL million)

Significant share in overall Turkish production
In 2014, Tofaş accounted for 19% of the total production in Turkey with a volume of 222,807 vehicles. The Company exported 142 thousand vehicles during the year. Posting sales of TL 7,440 million, export revenue of US$ 1,979 million, and foreign surplus of US$ 367 million, the Company continued to create value added for the national economy.

Investing in new models

With Tofaş's new US$ 520 million investment project for manufacturing hatchback and station wagon models announced at year-end 2014, the Company's total investment reached US$ 1.4 billion. Also, Doblo started being exported to North America.

Leader of light commercial vehicles in the domestic market

In 2014, Tofaş brands reached a total market share of 12% in the Turkish auto market.

Tofaş is the leader of the domestic light commercial vehicle market with its Fiat brand, reaching a market share of 27.5%. The Company ranks 3rd in the total passenger car and light commercial vehicles market with a market share of 11.6% and 89,128 unit sales.

During the year, Tofaş launched 500L Living of the Fiat 500 family with a seating capacity of up to seven individuals, as well as Fiat 500L Beat Edition, Fiat 500 GQ series, Fiat Freemont's new version Freemont Cross and Panda's SUV vehicle Panda Cross. Fiat launched the 6th generation of its top selling commercial vehicle model, Ducato.

The total sales figures of the Jeep brand doubled over the previous year, while Maserati became the fastest growing automobile brand. New Cherokee, the medium SUV model of the Jeep brand, and Renegade, its first model in the small SUV segment were introduced to the Turkish market, while Ferrari's new model California T started being delivered to customers in Turkey.

Main awards and successes

- The only Turkish company in the A List of the Climate Performance Leadership Index 2014 announced by the Carbon Disclosure Project,
- 2nd prize in the "İnovaLig Innovation Champions" organized by Turkish Exporters Assembly with support from The Ministry of Economy,
- The only automotive firm in the BIST Sustainability Index,
- A Corporate Governance Rating of 9.01,
- Tofaş Human Resources received an "Achievement Award" for the best practice at PERYÖN Human Management Awards in the category of "Performance Management,"
- In the Automobile Distributors Association's Gladiators of the Year Awards:
  - » Fiat Doblo, "Top Selling Light Commercial Vehicle" in 2014,
  - » Fiat, "Top Selling Light Commercial Vehicle Brand,"
  - » Maserati, "Fastest Growing Automobile Brand,"
  - » New Fiat Ducato, "Chorus of the Regretful" Best TV Commercial of the Year,
  - » Jeep, "Best Newspaper Commercial of the Year."

2015 and beyond

In 2015, Tofaş will focus on projects for new models. In the first quarter, a revamped Fiat Doblo will be launched in the Turkish market, and in the final quarter, a new passenger car will start being manufactured. New product investments will add momentum to Tofaş's production and exports, while their employment and export potential will make a positive contribution to the national economy.

KOÇ FIAT KREDİ

Koç Fiat Kredi provides consumer financing for the brands sold via Tofaş. The Company provided loans of TL 1,146 million for 39 thousand vehicles in 2014, thereby financing 64% of Tofaş's retail sales. Its loan portfolio totaled TL 1,316 million in 2014.

Koç Fiat Kredi financed its lending by issuing securities with a total nominal value of TL 405 million, of which TL 215 million was obtained by security issuance.

Automotive/TürkTraktör

First and only award-winning R&D center in the tractor sector
Technology leader of the agricultural sector for 60 years
Oldest manufacturing company in the Turkish automotive sector
Record production with 46 thousand tractors

Please use the adjacent QR code to reach detailed information about TürkTraktör.

TürkTraktör

INTERNATIONAL MARKET POSITION

Main design and manufacturing center in the world for the New Holland TDD, Case IH JX series tractors

Sole manufacturing center in the world for Utility Medium series tractors and transmissions

Sole engineering and manufacturing center for the TD Series transmissions and S8000 series power engines

TOTAL REVENUES

2,723 (TL million)

DOMESTIC MARKET POSITION

Leader with a **49%** market share

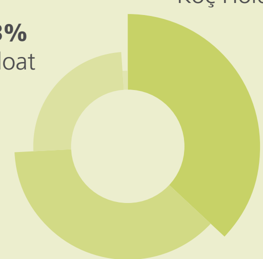
PROFIT BEFORE TAX

293 (TL million)

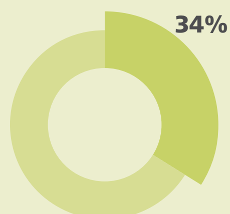
NET INCOME

261 (TL million)

SHAREHOLDER STRUCTURE



SHARE OF INTERNATIONAL REVENUES



New record in tractor production

According to TÜİK's traffic records for 2014, 59,458 tractors were sold in the Turkish market, corresponding to a 14% increase over the same period in 2013. In 2014, TürkTraktör sold 30,027 tractors in the domestic market and 15,866 tractors overseas. By realizing a total production of 45,823 units, TürkTraktör broke yet another record in its 60-year history.

The reasons for the growth of the Turkish tractor market include high agricultural prices despite the fall in production due to adverse weather conditions, access to favorable credit conditions for financing retail sales, and the launch of numerous new tractor models. In addition, grant supports from Instrument for Pre-Accession Assistance in Rural Development (IPARD) also played a key role.

New products

The New Holland TR6 Series, which harbors great future potential for export, was released to the Turkish market in May 2014 as Turkey's biggest domestic tractor with the models TR6.120, TR6.130 and TR6.140.

The tractor of choice among medium- and large-scale enterprises, New Holland T5 Electro Command Series was introduced in two engine options, 105 HP and 114 HP.

Designed to meet the needs of upper medium- and large-scale customers, T6 Auto CommandTM Series comes in three versions, with engines ranging from 110 HP to 131 HP.

In addition to gears which make life easier for the farmer, the TDD Delta Series has been released to the market with four power options in compliance with the Tier III norm. These environmental-friendly tractors are budget-friendly as well.

The new T480S has been manufactured at TürkTraktör factories and features a three-cylinder domestic engine with turbo feed line. This 48 HP engine generates high torque power, which leads to low fuel consumption as well as the capacity to deliver a wide range of tasks. Its 2WD models feature eight forward and two reverse gears, and 4WD models have eight forward and eight reverse gears. T480S is equipped with a fortified domestic transmission system, which maximizes the harmony between the engine and transmission.

Complete with new body and specially designed ergonomic control levers, the new platform of the TD4B Orchard Series has breathed new life into its segment.

The tower-type orchard atomizer New Holland SA2002 HSB, has been included in the product range in 2014 to ensure more efficient agricultural spraying in fruit orchards.

Investments

In line with its goal to generate added value for the development of the Turkish economy and agriculture, TürkTraktör laid the foundations of the Adapazarı Erenler Factory in 2014. The new factory has increased the manufacturing capacity for local and export markets. TürkTraktör shall continue to contribute to the Turkish economy with the 60-year manufacturing know-how and R&D expertise gained at its Ankara Facilities and with the vast export capacity of the Erenler Factory, bolstered by CNHI's international sales and marketing network.

Achievements and awards

Respected Turkish research, industrial and commercial institutions have honored TürkTraktör with numerous awards, underlining the Company's achievements.

New Holland TTJ Series, which was developed domestically by Turkish engineers and workers to service orchards and vineyards, garnered one of the most prestigious awards of the worldwide agricultural industry, namely "Tractor of the Year 2015." The TTJ Series was shipped to export markets in June 2014 and its success in the global market is a major achievement for the Company.

TürkTraktör also received the first prize in the automotive category of the 3rd Private Sector R&D Centers Summit organized by Ministry of Science, Industry and Technology of Turkey, leaving behind a large number of domestic R&D centers.

2015 and beyond

In due consideration of Turkish agricultural policies and developments in the tractor sector, the Company plans to manufacture more advanced, efficient, user-friendly and ergonomic tractors with a higher horse power featuring more enhanced electronic and hydraulic systems, and to focus on cost cutting initiatives.

Automotive/Otokar

Turkey's first electrical bus manufacturer

Prime contractor to develop Turkey's main battle tank

Top brand in the 25-plus passenger bus segment for 5 consecutive years

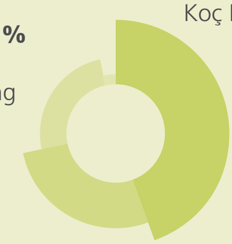
Please use the adjacent QR code to reach detailed information about Otokar.

Otokar

TOTAL REVENUES

1,232
(TL million)

SHAREHOLDER STRUCTURE



LEADERSHIP POSITIONS

Leader in the 25+ passenger bus market

Leading supplier of land vehicles to the Turkish Armed Forces

Largest private sector defense company in Turkey

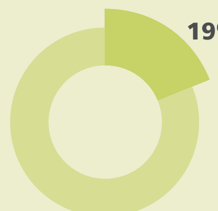
PROFIT BEFORE TAX

82
(TL million)

NET INCOME

73
(TL million)

SHARE OF INTERNATIONAL REVENUES



Otokar closed the year 2014 as Turkey's top bus manufacturer for the 5th time; the Company also preserved its position as a leading land vehicles manufacturer for the defense industry.

Otokar posted a turnover of TL 1,232 million in 2014 and exports of US$ 108 million. Owing to the effect of major tenders with large volumes, Otokar had increased its growth rate to 40% in 2013. However, in 2014 changes in market conditions led to a contraction of 7%.

Otokar maintained its leadership in the shrinking bus market for the fifth time. In 2014, 2 out of 5 buses sold in Turkey carried the Otokar brand. The same year, the Company churned out its 15,000th Sultan-branded small bus. The Company also released its 10-meter inner-city bus Doruk LE suitable for disabled passengers, and its service type bus Engelsiz Sultan Maxi which can carry up to seven individuals with wheelchairs. As per changing regulations in the European market, eco-friendly buses in compliance with Euro 6 emission standards were included in the product range.

Active in the light truck market since June 2013 with its 8.5-ton Otokar Atlas truck, the Company organized two roadshows and successfully promoted its products across Anatolia. In 2014, sales figures headed up, and the 500th truck was manufactured.

In the expanding trailer market, Otokar significantly increased its sales figures. In particular, its "tarpaulin trailer suitable for train transport" and "maxi section tanker semi-trailer" models drew much attention in the market.

As Turkey's largest private defense industry company, Otokar preserved its position as the leading land vehicle manufacturer in 2014. The URAL tactical wheeled armored vehicle, developed and commercialized in 2013 entered the national inventory in 2014. Already the choice of over 30 countries in the defense industry, Otokar included two more countries to this list in 2014.

As for ALTAY, Turkey's main battle tank project, Otokar continued to perform tests in line with the scheduled timeline and completed the manufacturing of the last two prototypes.

Awards

Otokar received the 3rd place prize at the Istanbul Chamber of Industry's Environment and Energy Awards, in the category of "Large Scale Enterprise Environment and Sustainability Management."

Always placing an emphasis on customer satisfaction, Otokar obtained ISO 10002 Customer Satisfaction Management System Certificate in 2014.

Designated as Turkey's most successful R&D center in the automotive sector in 2013, Otokar's Electromagnetic Compatibility Test Center has received accreditation. The center can now offer certification of electromagnetic compatibility for the automotive and defense industries. Continuing to invest in R&D in 2014, the Company put Turkey's first electric bus, Doruk Electra, to service at three universities, in order to introduce students to the latest technologies and informed the youth about Otokar's R&D capabilities.

2015 and beyond

Otokar foresees that the bus market is set to grow after the general elections in June 2015, and estimates that the municipal bus market will embark on an upward trend. Keen on preserving its leadership in the bus market, the Company will also strive to increase its share in the light truck segment. Otokar will continue to introduce its new defense industry products, primarily for export markets.

Automotive/Otokoç Otomotiv

Long-established history that has added value to the Turkish automotive sector since 1928

Market leader for 40 years with Turkey's first car rental company AVIS

Only company to provide car rental services ranging from 1 hour to 47 months

Please use the adjacent QR code to reach detailed information about Otokoç Otomotiv.

Leading the Turkish automotive retailing and car-rental markets

Otokoç Otomotiv operates under the Otokoç, Birmot, Avis, Budget and Otokoç Sigorta (Insurance) brands at 169 locations. The Company provides sales and after-sales services for Ford, Ford Trucks and Volvo under the Otokoç brand and for Fiat, Alfa Romeo, Lancia and Jeep under the Birmot brand.

Otokoç Otomotiv accounted for 32% of Ford retail sales in Turkey in 2014, 32% of Fiat, 42% of Alfa Romeo, Lancia and Jeep, and 47% of Volvo. The Company has an 8% share in the overall market, with 62 thousand vehicle sales. As for second-hand vehicle sales, the Company became the market leader among corporate brands with a sales figure of 20 thousand units. In short-term car rentals, Avis increased its turnover by 24% and Budget by 36%. In operational leasing, the Company's turnover grew by a remarkable 28% and its fleet reached 20,764 cars. In the car rental business, the Company started to operate in Kazakhstan as the third international investment, after Azerbaijan and Northern Iraq.

Otokoç's Ford Trucks Plaza investment in İstanbul Sultanbeyli opened in the final quarter of the year. The dual dealership in Kütahya was completed for Ford and Fiat brand vehicles. Otokoç Ankara moved to its new facilities. The dual dealership in İstinye, which sells Ford, Fiat and Volvo brand vehicles, reached the premium dealership standards. Additionally, the showroom and service sections of Otokoç Tarsus were doubled in area. The number of Avis offices has reached 86 and that of Budget has risen to 47.

Otokoç Otomotiv increased its investment by 25% over the previous year to TL 939 million, of which TL 901 million was for vehicle park. Its turnover grew by 13% to attain TL 3.5 billion.

Celebrating its 40th anniversary in 2014, Avis Turkey won for the fifth time Skal International's "Best Car Rental Company" award and was deemed worthy of a "Superior Achievement Award" by ABG Group. Having risen to 2nd position in the sector in 2014, Budget Turkey was honored by ABG Group with the "Licensee of the Year" award for the second time in five years. ABG Group's annual EMEA licensee meeting is organized by Avis and Budget Turkey in İstanbul, for both brands together for the first time, hosting representatives of 110 countries.

2015 and beyond

Otokoç Otomotiv plans to invest in expanding its service network and to renovate existing facilities. As for the Portfolio Management project initiated in 2014 at Otokoç and Birmot, the Loyalty Program will be put in place in 2015 so as to develop loyalty cards and manage customer relations under a single roof. The Company plans to restructure and grow its second-hand sales business. Avis has ambitions to grow 29% to outpace the market average and reinforce its leadership. Likewise Budget, the second in the market, targets 36% growth to strengthen its position. At end-2014, the Company also entered the nascent car sharing sector with its brand “Zipcar”. The scope of “Zipcar” operations will be expanded and the sector is expected to take shape in 2015.

In car rentals, utilizing opportunities abroad is seen as a key part of the growth strategy. Furthermore, in 2015, the Company is aiming to launch a new car rental brand.

In 2015, investments will grow 29% to TL 1,167 million, of which TL 1,145 million will be dedicated to car renewal and new car purchases (22,226 units).

if not us,
then

WHO

THE COMPANY THAT HAS INTRODUCED MANY FIRSTS IN CONSUMER DURABLES TO THE TURKISH PEOPLE. THE COMPANY THAT PROUDLY OWNS THE FASTEST GROWING BRANDS IN GLOBAL MARKETS THANKS TO ITS INNOVATIVE PRODUCTS...

CONSUMER DURABLES

BEKO

Fastest growing white goods brand in the European market for the last 7 years

US$
4 BILLION
Total sales of white goods

Consumer Durables

As the fastest-growing brand in the European white goods market for the last seven years, in 2014 Beko has achieved the largest market share gain and continued on its growth path as Europe's second-largest brand.

Developments in the durable consumer goods sector

In 2014, the white goods market is estimated to have grown 2.4% and the LCD TV market by 1.6% worldwide over the prior year.

The European white goods market, one of Arçelik's main markets, expanded about 4% over the previous year. While the growth in the Western European market neared 4%, the Eastern European market grew 5.6% due to rapid market growth across the region during the last quarter.

In the Middle East and North Africa, political upheavals across the region have created significant pressure on the markets. The white goods market contracted over 10% in Egypt, and by nearly 3% in South Africa, the largest and most developed economy on that continent.

Turkey remained the largest production hub in Europe for the white goods sector. According to data by the Turkish White Good Manufacturers' Association (BESD), exports in the white goods grew 5% year-over-year to 16.9 million units as of end-2014, while the domestic market shrank 1.8% to 6.7 million units.

Koç Holding Consumer Durables Group

While maintaining strong leadership in Turkey, Arçelik A.Ş. continued hold a significant lead in the Romanian and South African markets, with its Arctic and Defy brands, respectively.

Over the last seven years in the European white goods market, Beko has gained the largest market share to become the region's fastest-growing brand. In 2014, Beko captured the number two position in this key market. While retaining its solid position in the Middle East and Turkic Republics, Beko expanded its operations in Africa and the Gulf region. In line with its goal of market diversification, the Company increased exports to Southeastern Asia, and introduced Beko to consumers in Singapore and Thailand.

With the inclusion of the white good category into its product portfolio, the Grundig brand became the only European manufacturer to offer products in all categories of home electronics. Continuing to grow its white goods business in Scandinavia, Grundig also introduced its new line of products to consumers in the UK market in 2014. Grundig, a well-known brand recognized in many countries for its design and quality in consumer electronics, has maintained its position as one of the top five brands in the television market in Germany.

Consumer Durables/Arçelik

The World is the Target Market; Arçelik is a Global Player

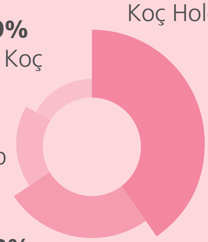
Please use the adjacent QR code to reach detailed information about Arçelik A.Ş.

Arçelik A.Ş.

TOTAL REVENUES

12,514
(TL million)

SHAREHOLDER STRUCTURE



INTERNATIONAL POSITION

The unrivalled **market leader** in Romania and South Africa with its Arctic and Defy brands, respectively

Global white goods brand Beko is:

The **2nd** largest brand in Europe

The **leading** brand in the UK white goods market

Leader in France and Poland in the freestanding white goods market

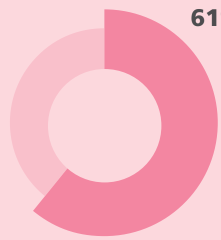
The **fastest-growing brand** in the German white goods market, doubling its market share in the last five years.

DOMESTIC MARKET POSITION

Leader in white goods, built-in appliances, and air conditioner markets with a market share exceeding 49%

Leader in the TV market with a share of over 22%

SHARE OF INTERNATIONAL REVENUES



PROFIT BEFORE TAX

732
(TL million)

NET INCOME

638
(TL million)
(Share of main parent: TL 617 million)

By capitalizing on its 24-years of R&D know-how, innovative force and technological competence, Arçelik A.Ş. introduces high value-added, innovative and environmentally-friendly products that stand out in the sector.

As a result of efforts in 2014, the Company introduced:

- 41dBa - quiet built-in oven in A -45% energy class
- A+++ (-10%) energy class dryer
- A+++ (-70%) energy class washing machine
- A+++ (-10%) energy class dishwasher
- A+++ (-30%) energy class no-frost refrigerator
- A+++ energy class upright deep freezer

Employing more than 1,000 R&D personnel at eight R&D centers in Turkey and having an R&D office in Taiwan, the Company develops innovative products that fulfill the expectations of consumers in different regions and add value to their lives.

To this end, the Company developed a distinctive refrigerator and washing machine for the Chinese market, a pizza oven for the Italian market and a refrigerator that runs on solar energy for South African provinces without electricity.

Some of the innovative technologies developed are as follows:

- Everfresh® technology, which keeps fruits and vegetables fresh for up to 30 days in a climate-controlled compartment at ideal temperatures and 90% humidity,
- AirDry Washer and Dryer technology that features a washing capacity of 9 kg and a drying capacity of 6 kg, and dries without the use of water,
- IonFresh technology, which prevents the release of unpleasant odors from dirty dishes placed in the dishwasher,
- The VUX interface, combining innovative competence with design, to control dishwasher, cooker, and range hood from a single center.

Investments

Defy, the leading manufacturer of white goods in South Africa, inaugurated a new side-by-side style refrigerator production line at its East London Cooling Devices Plant.

Accelerating its efforts to enter the Southeast Asian market, Arçelik A.Ş. started its refrigerator plant investment in Thailand to produce for the region.

Continuing strong and consistent growth

Despite a number of developments in the markets where it is active, Arçelik A.Ş. maintained strong and consistent growth, boosting its operational profitability.

In 2014, the Company grew by 13%, posting consolidated turnover of TL 12,514 million and net profits of TL 638 million. International markets accounted for 61% of total consolidated turnover.

Its market value increased 28% over the previous year and reached TL 10.14 billion as of the end of 2014. International investors showed great interest in the Company's first Euro-bond issue, made in 2013. In 2014, the Company issued a EUR 350 million Eurobond, with a maturity of seven years.

Consumer Durables/Arçelik

Arçelik sharpens its competitive edge with a brand-driven growth strategy

Awards and achievements

- Arçelik: the most popular brand in Turkey's Lovemarks Survey
- The Turkish Exporters Assembly's awards for "R&D Leadership," "Leadership in Technology Development" and "İnovaLİG-Innovation Strategy"
- Arçelik A.Ş. ranked in the BIST Sustainability Index, in recognition of its successful sustainability practices. Launched in 2014, the index features 15 firms.
- Arçelik A.Ş. placed in the 2014 Global A List: The CDP Climate Performance Leadership Index, with a performance score of A

2015 and beyond

Arçelik A.Ş. will continue to be the pioneer of change and innovation in 2015, its 60th anniversary year.

In line with its brand-driven growth strategy, the Company will increase its market share and strengthen its brands position in all of the markets in which it operates.

In line with its long-term goals, Arçelik A.Ş. supports its vision "Respects the Globe, Respected Globally" with a sustainable profitable growth strategy. Having defined brand, design, quality, technology, and innovation as the main pillars of the company strategy, Arçelik A.Ş. will continue to invest in these areas relentlessly. Using its competitive advantage, the Company will reach new consumers in new markets and will continue to expand its global footprint. With its strong and stable financial structure that promotes sustainable growth, Arçelik will continue to pursue new high-potential markets and business opportunities.

In the upcoming period, the Company will focus on maintaining its leadership in the Turkish market, boosting its strong position in Europe, the Middle East, and Africa, and strengthening its presence in the Asia Pacific region through investments.

Through its market and customer-centric business model, Arçelik A.Ş. will continue to pioneer distinctive, value-added, innovative, and environmentally-friendly products and solutions that cater to the needs of consumers in different geographical regions.

The Company recognizes its employees as the greatest asset in its quest to set and achieve ambitious goals. Therefore, Arçelik A.Ş. continues to invest in human resources by improving the skills of its employees for the ultimate goal of maximizing the effectiveness of its global organization.

Consumer Durables/Arçelik-LG

Strong technological infrastructure with an innovative approach

Broad service network

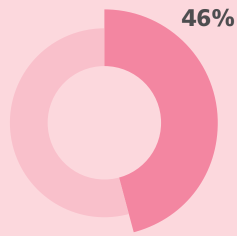
Leader in domestic market with more than 50% share

Please use the adjacent QR code to reach detailed information about Arçelik-LG.

INTERNATIONAL MARKET POSITION

Largest air-conditioner manufacturer in the Middle & Near East and Europe

SHARE OF INTERNATIONAL REVENUES



DOMESTIC MARKET POSITION

Leader in air-conditioning with a **52%** market share

TOTAL REVENUES

428
(TL million)

Established in 2000 with a production capacity of 300 thousand units, Arçelik-LG today boasts a capacity of 1.5 million units and 791 personnel. Indirectly, the Company creates employment for around 1,000 individuals in the supply industry.

Arçelik-LG is the largest air-conditioner manufacturer in the Middle and Near East, and Europe. Its innovative approach, strong technological infrastructure and extensive distribution and service network help the Company to maintain leadership in the domestic market with a share of over 50%. The Company currently exports half of its production to over 50 countries, mainly in Europe, the Middle East, Africa and the CIS.

In 2014, at the 3rd R&D Centers Summit organized by the Ministry of Science, Industry and Technology, the Company's R&D Center received the top prize in air-conditioning.

Arçelik-LG offers customers the widest product range among the competition, composed of recently developed models in line with the second-phase of the "Declaration on Seasonal Efficiency Measurement and Labeling" on heating, which entered into force on January 1, 2015 in Turkey.

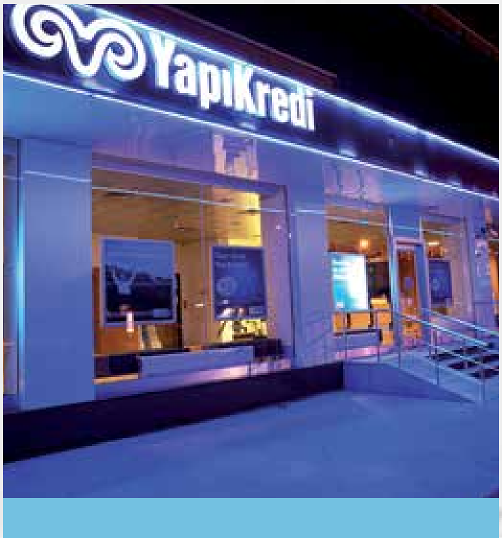
Arçelik LG created cost advantages, fulfilling customer expectations and contributing to profitability, through finalizing the cost-cutting projects in 2014 on the export products that had been developed by its teams with new features in 2013.

Arçelik-LG provides Turkish consumers with high-quality energy-efficient products, while maintaining domestic market leadership. Outside Turkey, the Company's strategic aim is to grow profitably in Europe, the Middle East, North Africa, Russia and the Turkic Republics. In addition, it continues efforts to increase its market share and maintain the leadership position in the newly-developing commercial air-conditioner segment.

if not us,
then

WHO

WE WORK DAY AND NIGHT TO PROVIDE THE BEST PRODUCTS AND SERVICES TO OUR CUSTOMERS AND EXPAND OUR SERVICE NETWORK IN THE FINANCE SECTOR…



BANKING AND INSURANCE

TL 195 BILLION

Yapı Kredi consolidated asset size

20.8%

Market share in credit cards*, sector leader

* *Outstanding volume*

Banking and Insurance

In 2014, total loans in the sector climbed to TL 1.179 billion, up 18% compared to year-end 2013.

Developments in the banking sector in 2014

The Turkish banking sector carried out its 2014 activities in a quite volatile environment because of the global and national developments. At global level, the major items on the agenda were: Fed's timing and amount of rate rise, European Central Bank's (ECB) policies, geopolitical risks and the slump in oil prices. In the country; the Turkish Central Bank's (TCMB) policies and national political developments like the local (municipality) elections and presidential elections had impacts on the business environment.

Total cash loans in the banking sector climbed to TL 1,179 billion increasing by 18% on annual basis. This increase was caused particularly by TL denominated business loans and SME loans whereas a 6% decrease was recorded in credit cards due to legal regulations.

Total deposit growth was 10% as the deposit base reached TL 1,050 billion. The ratio of cash loans to deposits (TL bonds included) rose to 116%, up 8 percentage points.

Diversification of resources for funding in the sector continued as: TL denominated bond issues totaled TL 31 billion, FX denominated bond issues amounted to US$ 25 billion, subordinated bond issues totaled US$ 11 billion.

In 2014, the net profit figure of the banking sector, excluding the sale of Yapı Kredi Insurance in 2013, reached TL 24.6 billion, increasing 10% while the capital adequacy ratio was 15.7%. The percentage of non-performing loans increased 20 basis points and reached 2.8% compared to year-end 2013.

Koç Holding Banking and Insurance Group

Koç Financial Services, a Koç Holding and UniCredit Group 50%-50% joint venture, and KoçFinans, Turkey's first consumer finance company, operate in this segment under the Banking and Insurance Group.

Koç Financial Services is the parent company of Yapı Kredi, established in 1944 as Turkey's first private nationwide bank, and of various subsidiaries that are leaders in their own segments.

Yapı Kredi provides retail banking (which includes credit cards, individual banking and SME banking), corporate and commercial banking, as well as private banking and wealth management.

Celebrating its 70th anniversary in 2014, Yapı Kredi exceeded 1,000 branches and increased its number of new customers by 2.7 times. Besides its commercial outcomes, this success also brought more than 30 awards to the Bank.

The only financial services company providing loans independent from brands in several sectors and various fields such as automotive, housing, education and home appliances, KoçFinans's loan portfolio in 2014 was TL 2.3 billion.

Banking and Insurance/Yapı Kredi Bank

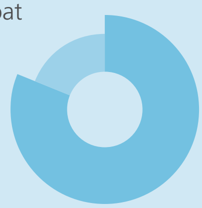
Yapı Kredi's 70th anniversary was marked by the start of the Bank's growth strategy aimed at strenghtening its market position and achieving long-term sustainable profitability.

Please use the adjacent QR code to reach detailed information about Yapı Kredi.

TOTAL ASSETS

195
(TL billion)

SHAREHOLDER STRUCTURE



MARKET SHARES

- **4th** among private banks in asset size
- **3rd** largest private bank in total cash and non-cash loans
- **5th** in total cash loans with a **10.2%** market share
- **5th** in total deposits with a **10.0%** market share
- Leader in credit cards' outstanding volume with a **20.8%** market share, credit cards revenues with **18.6%**, POS revenues with **20.0%** and number of credit cards with **17.9%** shares
- **Leader** in financial leasing transaction volume with **18.3%**, and in factoring revenues with **16.9%** market shares
- **2nd** in mutual funds with a **18.0%** market share and **3rd** in equity transaction volume with a **7.4%** share
- **3rd** in branch number with an **8.9%** market share
- **5th** in ATMs with a **7.9%** market share
- **Pioneer** in internet banking with a **13.1%** market share
- **Pioneer** in mobile banking with a **11.6%** market share

RETURN ON AVERAGE EQUITY

11.3% (**12.0%** Return on Average Tangible Equity)

Turkey's 4th largest private bank and one of the strongest institutions in the banking sector, Yapı Kredi celebrated its 70th anniversary in 2014. The Bank serves 10.6 million customers in segments such as retail banking which includes card payment systems, individual banking and SME banking, corporate and commercial banking, private banking and asset management segments.

Customer-focused smart growth

Yapı Kredi's 70th anniversary was marked by the start of the Bank's growth strategy aimed at strenghtening its market position and achieving long-term sustainable profitability.

Banking and Insurance/Yapı Kredi Bank

In Capital Magazine's "Turkey's Most Admired Companies" survey, Yapı Kredi was named among the top 3 most admired banks.

In 2014, Yapı Kredi undertook a large number of investments. The Bank increased its total workforce by around 1,850 to 18,500.

It added 60 new branches to its network, closing the 70th year with over 1,000 branches in total. In addition, over 200 branches underwent renovation. Customer acquisition was multiplied by 2.7 over the prior year and 600,000 new customers joined the Yapı Kredi family. The number of ATMs increased by 600 to reach 3,606. The Bank continued to extend its service network through a triple-award-winning call center, innovative internet banking, pioneer mobile banking, as well as the new generation banking platform, Nuvo, launched in 2014. Yapı Kredi is among the pioneers of the sector, with alternative distribution channels accounting for 83% of all banking transactions.

In 2014, Yapı Kredi increased its total cash and non-cash loan volume by 27% up to TL 174.3 billion. Accordingly, the Bank increased its sector positioning by one notch up to 3rd place. Total cash loans volume grew 26%, above the sector average, to TL 125.5 billion thanks to especially strong growth in SME loans, personal business loans and business loans in TL. The Bank brought up its market share in total loans by 70 basis points to 10.2%. During the same period, total deposits expanded 22%, more than double the sector average and reached TL 107.6 billion. Yapı Kredi's share in total deposits increased 90 basis points to 10.0%.

Yapı Kredi posted net profits of TL 2,056 million in 2014. The Bank's return on average tangible equity stood at 12.0% while its capital adequacy ratio reached the highest levels, at 15%, despite strong loan growth.

In terms of asset quality, Yapı Kredi performed better than the sector. The Bank's non-performing loan ratio decreased 10 basis points during the year compared to a 20 basis point increase for the sector.

Yapı Kredi raised its total revenues by 9% over the prior year to TL 8,754 million. Even as net interest margins shrank 20 basis points across the sector, Yapı Kredi's net interest margin fell only 10 basis points to 3.5%. In spite of the impact of legal regulations, the Bank's fees and commissions grew 10% YoY. The Bank's expenses expanded 17% due to investments for growth thanks to its disciplined cost management.

Robust and diversified funding base

The Bank continued to diversify its funding sources in 2014. During the year, the Bank raised US$ 5.7 billion through syndications, securitizations, issuance of bonds and other financial instruments.

Awards received for a successful year

Yapı Kredi is on the mark when it comes to identifying banking and social needs and has received considerable praise for its performance. The Bank received more than 30 awards from both national and international foundations in different fields. In Capital Magazine's "Turkey's Most Admired Companies" survey, Yapı Kredi was named among the top 3 most admired banks. The Bank was deemed worthy of the "Most Innovative Bank of 2014" award by International Finance Magazine.

Corporate Governance Rating

In 2014, Yapı Kredi's Corporate Governance Rating was raised from 88.16 to 92.51.

2015 and beyond

Yapı Kredi through its "Unlimited Service" approach plans to continue its investment drive, in line with its strategy of profitable growth and sustainable performance.

The Bank aims to reinforce its leadership of the sector through a customer-oriented approach.

Yapi Kredi Subsidiaries

Yapı Kredi has many financial subsidiaries, each a leader in its respective sector, which support the Bank's performance. **Yapı Kredi Leasing**, the leader in financial leasing transaction volume, held an 18.3% market share. **Yapı Kredi Factoring**, having led in factoring receivables league, had a market share of 16.9% in 2014. **Yapı Kredi Portföy Yönetimi** (Asset Management) ranked 2nd in investment funds with an 18.0% market share. **Yapı Kredi Yatırım** was the 2nd largest securities house in Turkey with a 7.4% market share in equity transaction volume.

Please use the adjacent QR code to reach detailed information about Koç Finansman.

Koç Finansman

Established to provide financing alternatives to customers at sales points, Koç Finansman is the only financing company to offer loan services in multiple sectors, primarily in automotive, but also in mortgage, education, durable goods and others, independent of the brand purchased.

With the "Culture Journey" project launched in 2014, Koç Finansman redefined its vision, mission and values, and identified its future cultural focus as being "Customer-Oriented" and "Innovative" in line with the slogan "We Are Here".

With this approach, Koç Finansman included Dealer Inventory Financing Business Model among its product range. The Company differentiated this product from its rivals with the brand "BAF-KoçFinans", and created customer-oriented content along the slogan "We Are a Pioneering and Innovative Company."

Koç Finansman's 2014 loan portfolio stood at TL 2.3 billion.

As part of its redefined vision, Koç Finansman is keen on devising innovative projects that reach out to more and more customers in 2015 when it will celebrate its 20th anniversary, diversifying its current business lines and other services, preserving the Company's competitive edge and strengthening its market position, and forging ahead towards the future with confidence.

if not us, then

WHO

WE OFFER INNOVATIVE PRODUCTS AND RAPIDLY INCREASE THE NUMBER OF SERVICE POINTS THAT TOUCH CONSUMER'S LIVES, WITH UTMOST CONCERN FOR CUSTOMER SATISFACTION…

OTHER LINES OF BUSINESS

73%

Tat Gıda's revenue share in tomato products

5,255

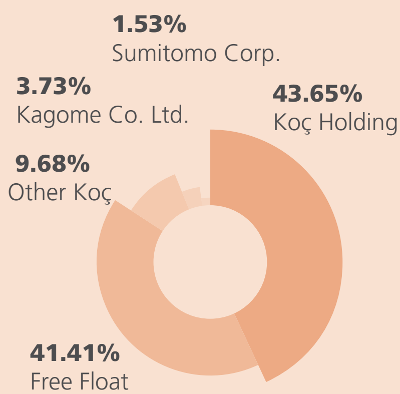
Berth capacity of Setur Marina, leading Turkey's marina sector

Other/Food/Tat Gıda

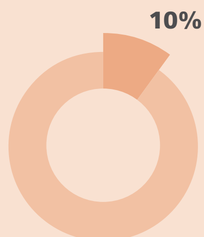
Fresh, modern and healthy initiatives
Leading brands and new products

Please use the adjacent QR code to reach detailed information about Tat Gıda.

TOTAL REVENUES
817
(TL million)

SHAREHOLDER STRUCTURE


DOMESTIC MARKET POSITION
Leader in ketchup with a **32%** revenue share
in tomato paste with a **29%** revenue share
in tomato products with a **73%** revenue share
in pasteurized milk with a **41%** revenue share and
in premium pasta with a **48%** revenue share

SHARE OF INTERNATIONAL REVENUES


PROFIT BEFORE TAX
35
(TL million)

NET INCOME
150
(TL million)

Leading brands and new products
Tat brand maintained leadership in the tomato paste, ketchup and tomato products categories in 2014.

SEK brand maintained dominance in the pasteurized milk category through the introduction of Kids' Flavored Milk and cold coffee products in 2014. Pastavilla remained the leading brand in the premium pasta category by launching new products.

A selection of continental cheese, SEK branded pasteurized milk with real chocolate and real fruits for children and a ketchup with vegetables, Tat Çap Çap, were also rolled out in 2014.

In December 2013, Tat Gıda established a 50-50% partnership with the Polish company MASPEX for the introduction of children's fruit juice products. Tedi-branded carrot juice appeared on market shelves in February 2014.

Furthermore, the application "Practical Recipes by Tat" was launched to reach modern housewives and the digital game "Running After Milk" was rolled out to appeal to children. As for the youth market, the Company participated in activities such as "Winterfest" and "Koçfest," and organized tasting events and publicity campaigns in universities.

Financial position

The Company's sales grew 11% year-over-year despite the sale of a number of subsidiaries. With the exclusion of discontinued operations, turnover increased 17%. Increasing sales and market shares in expanding business lines and the termination of unproductive operations had a positive impact on operating profit.

In 2014, in consideration of the sector's future and the market situation, Tat Gıda implemented a focus strategy for efficient growth. The first reflection of this new strategy was the selling off of the brand Maret, which manufactures delicatessen and meat products, for US$ 75 million with its real estate and machinery. Next, Koç Group's 90% stake in the tomato processing plant in Harranova, which had remained idle for a while, was sold to The Morning Star Company which controlled the remaining 10% stake.

Meanwhile, Tat Gıda acquired in August 2014 100% of the shares in Moova Gıda San ve Tic. A.Ş. to expand its product range in the cheese segment, which constitutes a key component of the dairy market. With this operation, the Company's cheese production will rise from 800 tons to 2,600 tons. Moova's production facility, situated close to dairy farms in western provinces, is a new and modern plant commissioned as recently as 2011. Some processes in the current factory will be transferred to this plant, and its infrastructure will be utilized for investments in new products.

Main awards

According to the KALDER market survey, Tat was designated as the leading brand in the tomato paste and sauce categories.

Featuring appetizing sandwiches, the micro website "ackenbakma.com" garnered the "Silver Apple" at the Crystal Apple Awards and first prize at the Felis Creativity Awards.

2015 and beyond

In 2015, a total of TL 30.5 million will be invested for new SEK-branded products, and for productivity and maintenance purposes in the Pastavilla and Tat facilities. Furthermore, at Tat, the volume and turnover will be increased and the brand will be expanded in sustainable fashion. The strategic focus at SEK will be profitable growth through the introduction of innovative and high value added categories, while Pastavilla will focus on enhancing brand prestige through launching new categories.

For all brands, in the long-term, organic and inorganic growth opportunities in various regions will be assessed and seized duly.

Other/**Food**/Düzey

39-year deep-rooted history 16% growth in 2014

Founded in 1975, Düzey increased sales revenues 16% in 2014.

Düzey has made improvements to the distribution system it launched in 2003 and is arguably the most efficient means of marketing and distributing. Düzey distributes the Koç Group brands Tat, SEK and Pastavilla, as well as Landlite energy-saving light bulbs, Ekin Bakliyat grain, Rest cleaning supplies, Prenses sugar, Şölen Tea and Sony batteries. The Company has established its own sales teams in large urban areas with high growth potential.

In 2011, Düzey expanded its domestic distribution portfolio to include the Nutella and Kinder brands. In parallel to the new brands it is authorized to distribute, Düzey has developed its logistics and technological infrastructure.

In 2014, the Company started the sales and distribution of fruit juice products with the brand Tedi, a partnership between Tat and Maspex. Furthermore, an agreement was signed with Marmara Birlik (MB), the leading olive products company in Turkey, regarding the distribution of MB-branded olive products, starting from 2015.

Düzey will continue to grow in 2015 and beyond, and will remain a pioneer in the sector with the support of its suppliers and employees.

Other/Tourism/Setur

Accessible tourism for everyone

Please use the adjacent QR code to reach detailed information about Setur.

Setur, with its services and products, leads the tourism sector since 1973.

Duty-free shops

Setur's duty free operations continue in 23 centers (7 airports, 6 land border gates, 9 seaports and 1 diplomatic store) with 619 personnel.

Istanbul Sabiha Gökçen Airport store, with approximately 3,500 square meters of selling space, is the biggest store of Setur. The "exclusive" Setur store at Atatürk Airport, with its new concept Burberry store and MontBlanc eyewear and watch store, began to provide services at two different points in 2014.

Moreover, Setur added Ayvalık Port and Gaziantep Airport stores to its existing store portfolio in 2014.

Tourism

Apart from its duty free store business, Setur carries out activities in various service areas such as: plane tickets, tours in and outside Turkey, incoming, congress and seminar organizations, on-line travel, cruise travel, education services in abroad and visa services.

Setur is the Turkish representative for BCD Travel, which provides corporate ticketing services from over 1,300 offices in 96 countries. The Company is also the licensed Turkish representative for Abercrombie & Kent, the international brand leader in luxury travel, and as well as Orient Express, Uniglobal and Costa. In addition to its five agencies and seven visa application centers, Setur provides services through 41 authorized agents and 248 online agencies.

At the Skalite 2014 Tourism Quality Awards, BookinTurkey.com received first prize in the "Online Travel Organization" category. Established in 2001 under Setur, BookinTurkey.com offers online booking for tourism products and services for both companies and individuals. Setur also collected Skalite Tourism Quality awards in the "Congress/Meeting Organization Agency" and "Overseas Tours Agency" categories. Additionally, it received the "Best Mobile Site" designation for its website engelsiz.setur.com.tr.

As a tourism company that provides the widest range of services in the country, Setur will maintain growth by increasing its collaborations outside the country and by monitoring the opportunities in the region.

Other/Tourism/Setur Marinas

10 marinas
World-class service

Please use the adjacent QR code to reach detailed information about Setur Marinas.

Setur Marinas provides world-class restaurant, market, shopping and technical maintenance services to yachters at its ten marinas in Kalamış and Fenerbahçe, Yalova, Ayvalık, Çeşme, Kuşadası, Marmaris, Finike, Kaş, Antalya and Mytilene. Setur Marinas has 5,512 berths, of which 5,255 are in Turkey and 257 are abroad. It leads the Turkish marina sector with a 24% market share and it had a 100% occupancy rate in 2014.

Setur Marinas provides yachters many services including accommodation on land and sea, travel lifts, hull cleaning, and utilities. The Company also provides services such as restaurants, shops, fuel oil and technical maintenance through its tenants.

Tek-Art A.Ş., a subsidiary of Setur Marinas, won in May 2014 the privatization tender for the Kalamış and Fenerbahçe Marina, submitting the highest bid of US$ 664 million.

Also in May 2014, Setur signed an agreement for the acquisition of Pendik Marina & AVM, Göcek Village Port and Göcek Exclusive Port from Ülker Group, pending approval by the Competition Authority.

2015 and beyond

Setur Marinas maintains domestic market leadership and targets to become an international brand by expanding its market share in Turkey and abroad. Therefore, the Company explores opportunities regarding available marina properties. 2015 investments include modernization in existing marinas and new construction at Kalamış Marina.

Other/Tourism/Divan

DİVAN: "The Best Moments, The Best Taste"
DİVAN: "A Gourmet Journey"
DİVAN: "A Brand Personalized for You"

Please use the adjacent QR code to reach detailed information about Divan.

The Divan Group operates 18 hotels, 1 residence, 19 patisseries, 42 bakeries, 13 restaurants, 2 stadium concessions and 3 catering units. The Group creates synergy and implements its growth strategy by gathering hotel management, production, banquet organization and cafe-restaurant management under one roof.

In the domestic market where international hotel chains operate with many sub-brands, the Group has created sub-brands under the "Divan" name such as Divan Suites, Divan Express, Divan Residence and Managed by Divan.

The 65-room Divan Suites Batumi opened in May 2014, the 108-room Divan Suites Gaziantep in August 2014, and the 140-room Divan Suites Güneşli in September 2014. Divan Express Eskişehir, with 110 rooms, started operations in November 2014. The Divan Residence Gaziantep hotel opened its doors in February 2014, followed by the Divan Residence Güneşli G-Plus in September 2014.

Coming projects include:

- The 556 units apartment G-Marin, Managed by Divan, in second quarter 2015,
- The 180-room Divan Adana, the 172-room Divan Mersin and the 153-room Divan Diyarbakır in third quarter 2015,
- The 127-room Divan Express Cizre in fourth quarter 2016,
- The 120-room Divan Express Denizli in fourth quarter 2017.

Divan Brasserie Beyoğlu was inaugurated in April 2014. In December 2014, renovation started at Divan Kuruçeşme. Reconstruction projects are expected to be completed in 18 months. Operations were suspended at Divan Antalya Hotel to prepare for renovations.

2015 and beyond

In January 2015, Divan's production areas were transferred to the Company's new factory located in Taşdelen. The new facility enables a 180% growth in capacity.

In May 2015, the first patisserie will be opened at Lagoona Mall, in Qatar, to be followed by new branches in other venues abroad.

Other/Retailing/Koçtaş

Launched 3 new stores in 2014
Served more than 11 million customers

Please use the adjacent QR code to reach detailed information about Koçtaş.

Koçtaş leads Turkey's DIY (Do It Yourself) market, with 43 stores and a total sales area of 234,000 m^2 serving more than 11 million customers. Meanwhile, the number of Koçtaş Fix stores increased to six. The Fix format aims at greater proximity to customers to meet their simpler, on the spot repair and maintenance needs.

While Koçtaş brand awareness among Turkish consumers was 100%, it achieved the highest customer loyalty in the sector, rising 5.4 points above the sector average on the customer satisfaction index.

Koçtaş clarified its long-term strategies with its GPS project and trained its employees accordingly. In line with the feedback from the project, the Company revised its commercial strategy towards becoming clients' primary destination - and the first address that springs to mind - in leading categories.

In response to the evolution of customer expectations and shopping habits due to rapidly-changing technologies and socio-economic conditions, the Company launched a number of innovations in the sector, such as the Fix format, with an average 200 m^2 of sales area; the Omnichannel shopping experience; and Click & Collect kiosks. These alternative sales channels have been created to capture customers so they can access Koçtaş's wide product range. The Click & Collect kiosks now available at all KoçtaşFix stores will also be installed at smaller Koçtaş stores in the near future.

The revamped online sales channel drew 11 million more visitors over the prior year, leading to a 45% increase in turnover.

The second phase of the mobile application and mobile commerce web site was completed. In 2014, Koçtaş was also among the most active corporate users of Twitter and Facebook as well as Instagram and Pinterest. The Company's 2014 digital marketing campaigns yielded a total of five awards at the Crystal Apple and Direct Marketing Communications Awards.

In the process of inaugurating new stores and carrying out social responsibility projects, Koçtaş delivers its vision of "better homes, better lives" to new provinces. Koçtaş renovated the Mentally Handicapped Children's Dormitory in Adana during its store opening in the city, and the Kocaeli Association for Autistic Children during its store opening in Kocaeli.

2015 and beyond

In addition to the Diyarbakır store that will open in April and Samsun store that will open in May, the plan is to rapidly increase the number of "Fix Stores" located in urban areas. In the next few years, Koçtaş will continue to offer developing customer experience in all its sales channels and to open new stores in the cities where it currently is not present.

Other/Defense Industry/RMK Marine

The pioneering, leading private shipyard that provides integrated solutions for project management and systems engineering

Please use the adjacent QR code to reach detailed information about RMK Marine.

Joining Koç Group in 1997, RMK Marine realizes construction projects for tankers, off-shore vessels, tugboats, military ships and superyachts in Tuzla. RMK Marine is the only Turkish private sector shipyard to hold AQAP 2110 NATO Quality Management System certification, confirming that it meets "NATO Quality Assurance Requirements for Design, Development and Production".

Largest warship project

RMK Marine has completed the construction of the largest warship project awarded to the private sector in Turkey. The last of four search and rescue ships built for the Coast Guard Command was delivered in 2014.

All the vessels have been on mission and have proven their capabilities in the open seas. The final acceptance of three ships, whose warranties expired, was completed in 2014; the fourth is scheduled for April 30, 2015.

More ground-breaking achievements

The largest asphalt tankers ever planned and constructed in Turkey, and boasting a globally innovative triple hull design, the ships T. ESRA and the T. AYLİN were delivered on September 17, 2014 and on January 20, 2015, respectively.

Global brand in superyachts

Constructed by RMK Marine, the Nazenin V, the Karia and the Sarafin all garnered Special Jury Awards at the "Oscars" of the superyacht sector, the "World Superyacht Awards."

2015 and beyond

RMK Marine continues to work on the "Turkish Fast Attack Craft," designed to meet the specific task requirements of the Turkish Naval Forces. With the aim to continue adding high value and strength, reinforcing its position as the market's most reliable and longstanding solutions partner, the Company also carries out work on the following projects:

- Environmentally-friendly chemical tankers and asphalt tankers with low operating costs,
- LPG/LNG supply ships that will support the use of environmentally- and budget-friendly fuel,
- Support ships for open sea energy platforms,
- Seismic research ships for marine oil field exploration,
- Superyachts with original design and advanced technologies.

Other/Information Technologies/KoçSistem

Entering our 70th year in the IT sector

Please use the adjacent QR code to reach detailed information about KoçSistem.

Entering 70th year in the Turkish IT sector, KoçSistem has strengthened its market position by posting growth of 17% in 2014.

According to IDC's 2014 report, Maximus, the Company's corporate cloud IT services brand, remained the leader of the Turkish corporate cloud market with a share of 22.9%.

KoçSistem is collaborating with Zenium Technology Partners, a leading global data center company, in one of the largest IT investments in Turkey by an international company, namely Turkey's largest data center Istanbul One. Through this data center scheduled to start operations in 2015, KoçSistem will offer hosting and managed services solutions to companies with substantial storage and system management needs.

To support its development into a global brand, in 2014 KoçSistem carried out projects with leading players in the Azerbaijan market such as Azerinteltek and Azerfon. The Company positioned its digital publishing product, Pixage, in the German Bundesliga, following the British Premier League. For the World Cup 2014, Pixage technology was installed in Europe's largest mobile LED screens in the Frankfurt Commerzbank Arena.

Presenting an e-Invoice solution through the cloud architecture model, KoçSistem also expanded its e-State products portfolio with e-Ledger, e-Archive and e-Waybill products.

Making a difference with its new business models, KoçSistem developed projects in collaboration with expert firms in specific fields, creating an "Ecosystem", further enriching its portfolio and contributing to development of the sector.

KoçSistem continued its joint R&D work with Europe's foremost research groups in areas such as the Cloud Computing, the Internet of Things and Big Data. The Company also cooperated with R&D centers of other Koç Group companies and universities for product focused R&D studies. For "Model Writer," a joint software project with Ege University and Unit Bilişim, KoçSistem was for the first time granted EU funding for an R&D project it had initiated.

In 2015, KoçSistem will celebrate its 70th anniversary and continue to work towards the future. The Company aims to differentiate itself by expanding its service portfolio through technology-focused business solutions and strategic partnerships and strengthen its global presence to attain growth above the sector average.

Other/Information Technologies/Bilkom

Leading global IT brand distributor for 30 years
More than 120% growth in 2014

Please use the adjacent QR code to reach detailed information about Bilkom.

Bilkom has been distributing leading global IT brands for 30 years. It has been prominent in the sector for an added-value service approach and continues to raise the bar as Turkey's digital life coach.

Bilkom markets and sells all trendsetting brands - such as Apple, Adobe and Graphisoft - throughout Turkey under an added-value distributorship strategy. In 2014, Bilkom grew over 120%, bringing its sales volume to above TL 760 million. The Company continues to fortify its strong position in the sector with a competitive workforce and operational efficiency.

Bilkom, which distributes mobile life products such as smartphones, tablets, PCs and related accessories, stands out in the Turkish IT market with both an efficient business model and an exemplary focused-distribution model. This strategy successfully resulted in Bilkom becoming the retail market focused distributor of ASUS Zenfone smartphones in 2014, ambitiously entering the Android smartphone market.

The Company boasts a rich product range including all Apple products, primarily the iPhone, iPad, Mac computer line and related accessories; the product range has further expanded with the addition of ASUS Zenfone smartphones. Bilkom delivers products to consumers in more than 750 retail sales locations across 81 provinces. In 2015, the Company will continue sustainable and profitable growth, exceeding the IT sector average growth by capitalizing on its core brands and future-oriented technologies.

Bilkom successfully completed its social responsibility project, "History Comes Alive 3D," with the creation of a mobile 3D representation of the ancient city of Pergamon. The project was initiated to support Turkey's world heritage sites, in line with Company's aim to be a "Digital Life Coach." In a global first, the Company's mobile app "iVisit Anatolia" garnered first prizes for "Best Corporate Social Responsibility Project" and "Technology and Telecoms Sector PR" at the 2014 Felis Awards.

Other/Foreign Trade/Ram Dış Ticaret

Reliable business partner in Turkey and neighboring countries

Please use the adjacent QR code to reach detailed information about Ram Dış Ticaret.

Ram: Turning crisis into opportunity

From its establishment, Ram Dış Ticaret has conducted its commercial activities in Turkey and in neighboring countries with a direct focus on customer satisfaction and being a reliable business partner.

In 2014, Ram continued the central procurement process for the flat steel products required by the Group companies, from Erdemir and Borçelik. Approximately 320,000 tons of supplies were acquired with considerable advantages for the Group.

Ram continued to represent Boeing and Sikorsky in the aviation sector, and delivered the ground-breaking Boeing 787 Dreamliner to Azerbaijan Airlines. Also, the Company delivered two commercial aircraft to Turkmenistan Airlines, two to Azerbaijan's Silkway Airlines and one to Kazakhstan's Air Astana.

Moreover, activities continued for importing paper products to the domestic market while an increase in the market share was achieved. 2014 was concluded with about TL 900 million in turnover.

Regarding the issue of making transparent and ethical trade, the Company was audited and certified, as in previous years, by Trace Antibribery Compliance Solutions in 2014.

The long-term target of Ram Foreign Trade is to develop local operations in target markets where regional risks can be eliminated and to become the leader of the domestic market with its imported products.

Other/**Central Purchasing**/ZER

Value-adding business partner for clients and suppliers with its sustainability approach and contract management skills

Please use the adjacent QR code to reach detailed information about Zer.

For 11 years, by capitalizing on the synergy of collective procurement as well as its expertise and vast supplier network, Zer has created value for customers in marketing, services, supplies and logistics and has enabled Koç Group companies to focus on their core businesses. By creating economies of scale, the Company offers competitive and cost advantages, and also functions as a center of expertise with a specialized procurement staff.

Zer also assumes the management of suppliers, optimizing the quantity of suppliers and ensuring to standardize the quality of services and products to be procured. Its sustainability approach and contract management skills turn it into a value-adding business partner for clients and suppliers.

With the merger of Promena in 2014, the Company completed its service portfolio and reached beyond the Group to implement its growth strategy. With over 1,250 companies in its supplier pool, Zer serves 400 corporate customers in and outside the Group.

Aiming at growing by pioneering new practices, Zer is focused on implementing excellence in procurement in all processes and creating satisfaction and loyalty among stakeholders.

Corporate Social Responsibility

Since the inception of the Borsa İstanbul (BIST) Sustainability Index, all our BIST 30 companies have fulfilled the criteria of the index. Koç Holding, Arçelik, Tofaş, Tüpraş and Yapı Kredi are all included in BIST Sustainability Index.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY PERFORMANCE MANAGEMENT AT KOÇ

From year one, Koç Holding has been aware that corporate is only made possible with complete social welfare. "Fulfilling our responsibilities towards current and future generations is the essential principle by which we pioneer." These visionary words from the late Vehbi Koç, the founder of Koç Holding, constitute the basis of our management approach. Embracing sustainability as a management model, Koç Group has integrated sustainability across all its operations and processes.

Our responsible and sustainable management structure was recognized in the results of the Borsa İstanbul (BIST) Sustainability Index launched in 2014. Since the inception of the BIST Sustainability Index all our companies included in the BIST 30 have fulfilled the criteria of the index. Koç Holding, Arçelik, Tofaş, Tüpraş and Yapı Kredi are all included in the index.

In 2014, the "Koç Group Sustainability Management Project" was initiated to ensure that Group companies develop sustainable business models within an integrated strategy. The aim of the project is to review the priority areas in the Group's sustainability perspective. According to the assessment results, targeting and performance measurement processes shall be managed for the entire Group on the basis of specific topics, and through an integrated approach.

GLOBAL COMPACT

The United Nations Global Compact, signed by our Chairman of the Board, Mustafa V. Koç, in 2006, is an international framework that demonstrates how social responsibility can be implemented in corporate operations and how it can be improved upon.

As a Board member of the Global Compact Local Network Turkey Board of Directors, Koç Holding continued to support efforts in 2014 to extend and institutionalize the Global Compact in Turkey. Furthermore, the Group has assumed an active role in the Global Compact Turkey Women's Empowerment Working Group, set up to unite under one umbrella private sector initiatives for gender equality, to support learning among companies and to implement Women's Empowerment Principles across the country.

Koç Holding is committed to fully complying with legal and regulatory requirements and environmental standards in all its operations. It aims to be a model company in terms of the importance it places on raising environmental awareness among employees.

ENVIRONMENTALLY FRIENDLY PRACTICES AT KOÇ

Koç Holding is committed to complying with national and international legal regulations and environmental standards in all of its operations. It aims to be a model company in terms of the importance it places on raising its employees' environmental awareness and of improving its commitment to the environment and performance in this area. By sharing its experiences, it endeavors to find common solutions to local and global environmental problems, and to remain sensitive to expectations in environment, health and safety and to the needs of society.

Koç Holding's Environmental Policy and Environmental Vision and Mission are fundamental to how Group companies conduct their business activities. The Policy, Vision and Mission are managed through strong organization and sound processes that extend from the Holding level right down to the field. The Holding's Environment Committee was formed to share best practices, create common long-term plans and to develop common projects.

An Audit Group and the Environment Committee jointly conduct an environmental audit once every two years to raise environmental awareness within Koç Holding companies and to determine possible risks. The indicators used for evaluation during the audits are derived from sustainability criteria.

Environmental management at Koç Holding Companies is divided into four main areas: Climate Change and Emissions Management, Resource-Use Efficiency Management, Environmentally-Friendly Product Development, and Environmental Protection and Improvement.

Climate Change and Emission Management

Koç Holding's companies combat climate change within the framework of its Climate Change Strategy. Accordingly, the Holding's companies strive to effectively measure and reduce greenhouse emissions. Levent Çakıroğlu, President of the Koç Holding Consumer Durables Group and General Manager of Arçelik, has been serving as term spokesman and chairman of the Climate Change Platform in Turkey, of which it is a founding member. Representatives of Koç Group and Arçelik have served as the term spokesman and chairman of the Climate Change Platform in Turkey since 2011. They represented the Turkish business community at international platforms such as the World Climate Summit in 2011 in Durban (COP 17) and in 2012 in Doha (COP 18). At the Warsaw Climate Summit of 2013 (COP 19) and in the Workshop organized at the Ministry of Environment and Urbanization prior to the Lima Climate Summit of 2014 (COP 20), Koç Group was represented by Fatih Özkadı, Head of the Environment Committee; the latest developments with regard to climate change are closely monitored by the Group. Koç Holding's Climate Change Strategy is explained in detail in the CSR report.

In 2014, Arçelik, Ford Otosan, Tofaş, TürkTraktör, Opet Petroleum, Opet Fuchs, Koçtaş, THY Opet and 10 airports calculated greenhouse gas emissions according to ISO 14064-1 Greenhouse Gas Reporting Standards for 2013. Their accounts were verified by independent accredited institutions. In this way they received ISO 14064 certification. Other Group companies have established a greenhouse gas management system according to this standard.

Corporate Social Responsibility

Developing products with a low environmental impact is a significant pillar of one of Koç Group's main goals: "Offering customers high value-added products and services"

Productivity management in using resources

As part of energy efficiency efforts; Tüpraş Aygaz, Arçelik, TürkTraktör, Tofaş, Ford Otosan, Tat Konserve and SEK Süt obtained ISO 50001 Energy Management System certification. Among Arçelik's overseas enterprises, its factories in China, Russia and Romania also received ISO 50001 certification in 2014. As such, the Energy Management System became operational in both Turkey and on a global scale.

Under the WCM Energy Management Methodology, Tofaş implemented a total of 111 energy efficiency projects in 2014. As a result of these, a total of 124,812 GJ of energy was saved and 9,720 tons of CO_2 emissions were prevented.

As part of its solar energy project, with the purpose of electricity generation from renewable energy, Opet installed photovoltaic solar panels with a capacity of 102.96 kWp/100 kWe to generate electricity from solar energyon an area within the grounds of Mersin Storage Terminal. With the installation of the Photovoltaic Power System, electricity generation has commenced.

At Opet Mersin Terminal, a closed system was installed and commissioned in 2014 to separate rain water from oily water, and collect these in different pools.

The 1505 TÜBİTAK TEYDEB project concerning the recycling of industrial waste water into tap water at Opet Marmara Terminal was approved on October 9, 2014.

An Arçelik-İTÜ partnership, the TÜBİTAK TEYDEB 1505 project on "Water Recycling, Minimization and Integrated Water Management in the Manufacturing of Cooking Devices" was also approved. The aim of the project is to recycle process waste water through advanced treatment technologies, and reuse these in production without compromising product quality.

Opet Fuchs Mineral Oil started deploying the water processed at the Adblue production plant's water treatment facility in restrooms, for watering gardens and other general purposes.

Environmentally friendly product development

An important aspect of the principle of "providing products and services that create added value for the customer," which is a fundamental goal of Koç Holding, is minimizing the environmental impact of its production. Therefore, dozens of new environmentally friendly products and services were offered to consumers in 2014. Details pertaining to the work are provided in the Koç Holding Corporate Social Responsibility report.

Protect and improve the environment

One of the priorities of Koç Holding companies is to minimize the environmental impact of production. Respect for the environment is a priority in the Holding companies' production processes.

As per WEEE (Waste Electrical and Electronic Equipment), Arçelik set up two recycling plants in Bolu and Eskişehir, minimizing the environmental impact of its products throughout their lifecycle. The recycling plant established in Eskişehir is the only one of its kind in Turkey, as it meets all the requirements for plants processing refrigerators/coolers/air conditioners and collects through a closed system the CFC gases detrimental to the ozone layer.

Opet takes a number of measures to minimize the impact of the petroleum products in its gas stations on the environment and underground water sources.

In addition to striving to minimize the environmental impact of Group companies, Koç Holding conducts projects to improve natural life and biodiversity.

In 2014, Koç Group companies carried out the following activities on June 5, World Environment Day:

- To highlight the importance it places on nature, Opet supported the Green Way Project by offering employees a total of 1,050 saplings as gifts.
- Arçelik placed a special emphasis on the issue of water, and organized the "Arçelik Eco-Friendly Photo Contest." The theme of the contest was designated as "Water Lost."
- Aygaz also focused on the topic of water and placed informative posters on the prevention of water waste in its plants and at head office. The Company also issued a paper to inform its employees about water use in Turkey and worldwide, water waste and measures to prevent it.

Awards

- Koç Holding, Arçelik, Tofaş, Tüpraş and Yapı Kredi have been accepted to the BIST 30 Sustainability Index.
- Arçelik obtained the top score A in the CDP Performance Ranking and joined the global "A List: CDP Climate Performance Leaders Index 2014."
- Arçelik, at the Industrial Energy Efficiency (SENVER) Project Competition organized by the Ministry of Energy and Natural Resources during Energy Efficiency Week, garnered the "Most Efficient Product" award in the Energy Efficient Product category for its "A+++%-10" Tumble Dryer, and the Jury Special Award in the "Most Efficient Industrial Plant" category for its Dishwasher Plant.
- Otokar received the third place prize in the Large-Scale Corporation Environment and Sustainability Management category of the 14th Environment and Energy Awards held by Istanbul Chamber of Industry (ISO).
- Ford Otosan won the second prize in the Large-Scale Corporation Environment and Sustainability Management of Istanbul Chamber of Industry's 14th Environment and Energy Awards for its project dubbed "Back Window."
- Tofaş entered the "A List: CDP Climate Performance Leaders Index 2014."
- At the Sustainable Product Contest administered by the Ministry of Science, Industry and Technology, "Waste Heat Recycling Projects," developed by Tofaş Paint Production Department, garnered a prize.
- Tofaş received first prize in the very first edition of the Energy Management Awards Program by BUSİAD.
- Tofaş won the second place prize in the Large-Scale Corporation Energy Efficiency category of the Istanbul Chamber of Industry's 14th Environment and Energy Awards.
- In a first in the Turkish automotive sector, Tofaş reported its managerial, environmental and social activities in the "Tofaş Sustainability Report," published according to the format set by GRI4 (Global Reporting Initiative).
- Opet garnered three awards from LACP (League of American Communications Professionals) for its 3rd Sustainability Report.
- At the 17th Akdeniz University Environmental Contribution awards, jointly organized by Akdeniz University Environmental Problems Research and Application Center and the Faculty of Engineering, Opet was granted an award in recognition of its social responsibility projects.
- Opet was deemed worthy of an award by the ecological society Defenders of Nature for its efforts in the "Clean Restroom Campaign."
- Batman Refinery granted first prize at the "Industrial Energy Efficiency Project Competition SENVER 14" in the most efficient industrial plant category.
- Residuum Upgrade Project - Control Building Leed Certificate Gold Level.

Corporate Social Responsibility

Koç Holding signed a partnership agreement with the UN Women to contribute to the social and economic empowerment of women in Turkey.

SOCIAL DEVELOPMENT

Koç Holding's goal is to contribute to raising the level of prosperity at its locations of operation, to promote the expansion of social creativity, and to encourage social development according to stakeholder needs and expectations. An advanced level of institutionalization of social development is important for Koç Holding. Accordingly, it concentrates its efforts on education, health, the environment, culture and art.

Support for Vocational Education: Schools and Workplaces Join Forces for Vocational Education

Implemented successfully in different sectors in 81 provinces through a collaboration among the Vehbi Koç Foundation, the Ministry of National Education, Koç Holding and the Koç Group companies, the project, "Vocational Education: A Crucial Matter for the Nation (MLMM)," was completed in 2013. The project continues in the form of the School-Workplace partnership model, which helps complete the cycle of "vocational education-employment-development."

To this end, the School-Workplace Partnership Development Program shall be carried out under the responsibility of the Ministry of National Education, the Turkish Enterprise and Business Confederation (TÜRKONFED), the Turkish Confederation of Employer Associations (TİSK) and Turkish Industrialists' and Businessmen's Association (TÜSİAD), through a collaboration between the Vehbi Koç Foundation, the Private Sector Volunteers Association (ÖSGD), the Education Reform Initiative, the Teacher Academy Foundation and the MESS Education Foundation.

As part of the program and to increase the number and quality of partnerships between enterprises and vocational education institutions, regional chambers of industry and commerce, business unions, organized industrial zones, trade associations, enterprises, provincial employment boards and vocational education institutions will organize workshops and training programs. The resulting partnerships will be followed up closely. The pilot work for the program was initiated on November 27, in Bandırma, with the participation of around 70 employers and officials from vocational education institutions.

The MLMM Project garnered its 11th award in 2014. In recognition of the efficiency, comprehensiveness, innovation and sustainability of its partnership model, which has become a best practice, the project received the Grand Prize at the 2014 Corporate Social Responsibility Awards of the Turkish Confederation of Employer Associations (TİSK).

Efforts for the Empowerment of Women

In 2014, Koç Holding signed a partnership agreement with the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), to contribute to the social and economic empowerment of women in Turkey. Implementing rights-based and human-centered corporate social responsibility projects for many years, the Koç Group will focus on activities concerning gender, which it believes will create significant added value.

For My Country

"For My Country" project is a Koç Holding social responsibility initiative that was launched in 2006 to encourage the spread of individual entrepreneurship as part of the concept of responsible citizenship. The Project strives to create a participatory attitude that encourages Koç Holding companies, employees, dealers and suppliers to become involved in solving social problems. "For My Country" project focuses on a particular social need every two years. In the 2006-2007 implementation periods, For My Country led to the realization of 387 local projects in support of local development, whereas in 2008-2009, in the latest phase of the Project, 1,084,000 saplings were planted in seven For My Country forests around the country with environmental education provided to 18,000 children. The 2010-2011 implementation period of the "For My Country" project focused on increasing the number of volunteer and regular blood donors through raising the awareness among 103,000 people. At the end of this phase of the project, Koç Holding gained the distinction of collecting the highest number of blood donations, at 83,579 units, through the efforts of a single enterprise.

Between 2012 and 2015, the "For My Country" project is collaborating with the Alternative Life Association and the United Nations Development Program in the "No Barriers for My Country" project. The objective of this project is to create social awareness and sensitivity to the subject of the disabled and to serve as a role model in the practices that will have a lasting impact on the professional and social lives of the handicapped. By May 2012, this project had raised the awareness of 125,982 people at 34 Koç Holding companies, through the efforts of Koç Holding employee volunteers, and in 36 provinces, through our distributors acting as "For My Country" ambassadors. Some 372 volunteers were prepared as instructors under the Right Approach to Disability training program and 2,433 training sessions were held.

In addition, 1,361 projects designed to make our companies, distributorships and stores disabled-friendly were carried out. Under the project, legal regulations governing the employment of the disabled were monitored and work got underway to develop products and services for disabled consumers. Some 39 social responsibility endeavors were launched in support of the project through inter-company cooperation and NGO-public institution collaboration.

Koç Fest

Koç Holding and its affiliates started Koç Fest in 2006 to bring music and entertainment to universities, create a special festival for students, and to start a tradition. Koç Fest has been to 32 cities and organized 82 festivals in its nine year history. Koç Holding, as a company that believes sports plays a role in improving quality of life, was also the main sponsor of the Turkish University Games, which was held by the Turkish University Sports Federation in 2009. Thereby, the most prestigious and highest attendance sporting event among Turkish universities has become known as the Turkish Koç Fest University Games and Koç Holding has become an essential part of the festival. Through this initiative, Koç Fest became the largest youth festival in Turkey, bringing together sports, music and fun under one umbrella. Since 2009, Koç Fest has hosted more than 20,000 athletes in 46 disciplines from 185 universities every year. Some of the athletes and teams successful at annual sporting events regularly represent Turkey at international events sponsored by Koç Holding. In 2014, Koç Fest once again visited ten universities with the grand finale being held at Kayseri Erciyes University with approximately 5,000 students in attendance.

Corporate Social Responsibility

Koç Holding continues to support the social development of various arts disciplines and the successful representation of Turkey overseas.

Sponsorship of National Olympic Committee of Turkey

Continuously undertaking numerous economic and social investments that will add value to Turkey, Koç Holding has raised the bar higher in its support for sports and become the main sponsor of National Olympic Committee of Turkey for three years, contributing to Turkey's Olympic journey.

The first national main sponsor of the National Olympic Committee of Turkey, Koç Holding aims to contribute to the Olympic spirit in Turkey and across the globe through this sponsorship.

Committed to the importance of developing Turkey into a country with strengths across different sports disciplines, Koç Holding has also become the sponsor of Turkey's candidacy to host the 2020 Olympics and Paralympics. The Holding carries out efforts to promote an active lifestyle in the country and to ensure that sports are practiced more widely.

KidZania - Earthquake Simulation Center

Koç Group puts maximum effort into the support of projects that have a positive effect on children's development, turn education into entertainment and help raise more enlightened generations. KidZania Children's Republics, which have 16 offices in 13 countries across the globe, opened an office in Istanbul in 2014, which was fully embraced by Koç Holding and numerous Koç Group companies with pleasure.

This project allows children aged between 4 and 14 the chance to experience 90 professions, and Koç Holding supports the project with an earthquake simulation center.

In the activity area, which is open to children aged 9 and above, the young visitors are informed on proper procedures prior to, during and after earthquakes. Carried out with support from Boğaziçi University's Kandilli Observatory, the project features a theoretical lesson followed by an applied program about the earthquake and its aftermath. Recognizing that earthquake awareness must be raised in Turkey, a country vulnerable to earthquakes, Koç Holding offers a training program to the youngest age groups and helps inform the wider population.

International Nasreddin Hodja Cartoon Contest and Symposium

With a view to supporting the social development of different arts disciplines in Turkey and the overseas presence of Turkish arts, Koç Holding has been the main sponsor since 2008 of the International Nasreddin Hodja Cartoon Contest organized by the Association of Cartoonists. First held in 1974 with the participation of world cartoonists, the contest has witnessed success by numerous Turkish cartoonists.

The first national main sponsor of the National Olympic Committee of Turkey, Koç Holding aims to contribute to the Olympic spirit in Turkey and throughout the world.

Vehbi Koç Foundation

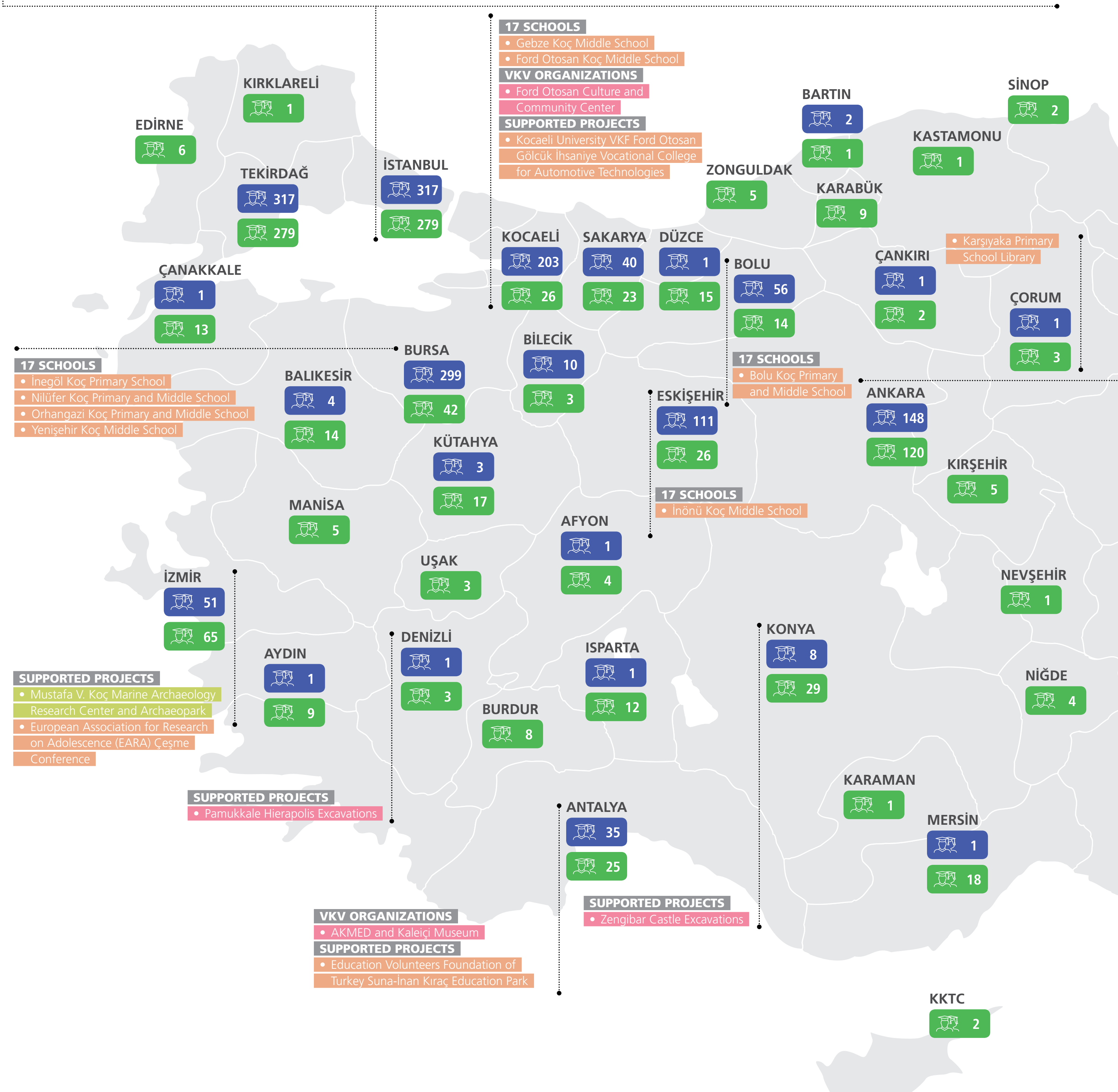
VEHBİ KOÇ FOUNDATION IN TURKEY

VKV ORGANIZATIONS
- Koç University
- Koç School
- American Hospital
- MedAmerican Polyclinic
- Koç University School of Nursing
- Koç University Health Sciences Campus
- Semahat Arsel Nursing Education and Research Center
- Space for Art
- Koç University Research Center for Anatolian Civilizations
- Sadberk Hanım Museum

17 SCHOOLS
- Beyazıt Ford Otosan Koç Primary School
- Beylikdüzü Koç Middle School

SUPPORTED PROJECTS
- Atatürk Library
- European Association of Archaeologists (EAA) Congress
- Boğaziçi University Superdorm
- Boğaziçi University Foundation
- Hisar Foundation
- Galatasaray High School Suna Kıraç Library
- Robert College Suna Kıraç Hall
- Sarıyer Vehbi Koç Foundation Hospitality and Tourism Vocational Education High School
- Third Sector Foundation of Turkey Conference (bi-annual)
- Haydarpaşa Numune Hospital Vehbi Koç Emergency Center
- Istanbul Biennial
- Contemporary Art in Turkey Exhibition and Monography Series
- International Sevgi Gönül Byzantine Studies Symposium
- Istanbul Tanpınar Literature Festival

REGULARLY SUPPORTED NGOs
- Darülaceze



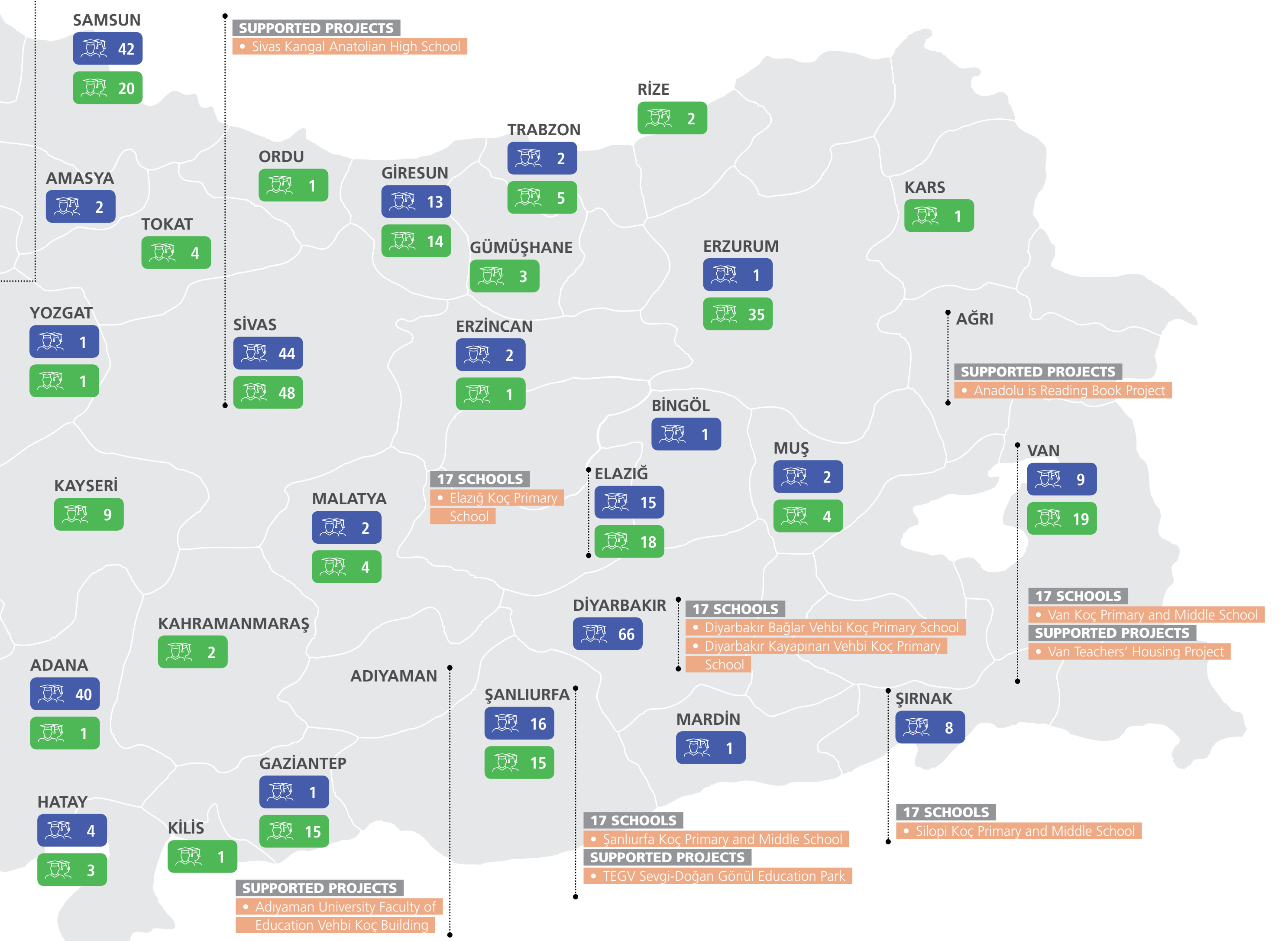
VKV ORGANIZATIONS
- VEKAM and Ankara Orchard House

17 SCHOOLS
- Sincan Koç Primary School

SUPPORTED PROJECTS
- Ankara Eye Hospital
- METU – Vehbi Koç Dormitories
- Ankara University Vehbi Koç Dormitories
- Education Volunteers Foundation of Turkey Semahat-Dr. Nusret Arsel Education Park

SUPPORTED PROJECTS
- Science Academy- Young Scientists Scholarship Award
- Vocational Education: A Crucial Matter for the Nation
- Dreamstalk

REGULARLY SUPPORTED NGOs
- Education Reform Initiative
- Geyre Foundation
- Association of Village Teachers
- Turkish Nurses Association
- Educational Volunteers Foundation of Turkey
- Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of National Habitats
- Third Sector Foundation of Turkey



Number of VKV scholarships for high school students | Education | Healthcare | Culture | Other

Number of VKV scholarships for university students

Vehbi Koç Foundation

Vehbi Koç Foundation (VKV) strives to develop sustainable and reproducible models in the areas of education, healthcare and culture to contribute to Turkey's advancement.

The Vehbi Koç Foundation (VKV) works to further Turkey's development through creating and running sustainable and reproducible models in the fields of education, healthcare and culture.

In 2014, the Vehbi Koç Foundation, through its affiliated institutions and the projects it supports, continued to make a difference in society in the areas of education, healthcare and culture.

Information about a number of the Foundation's major activities is provided below. For more detailed information about all VKV affiliated institutions and projects, go to www.vkv.org.tr.

EDUCATION

Since its inception, the Vehbi Koç Foundation has offered thousands of scholarships to students who are academically successful, yet financially restricted. In the 2014/2015 academic year, VKV awarded a total of 6,685 scholarships centrally and through its affiliates.

VKV Koç High School's 2014 senior class was the most successful in the School's history

VKV Koç High School was founded in 1988 by the Vehbi Koç Foundation. In 1998, it incorporated a primary school and, with the addition of a kindergarten, Koç High School has become a school offering grades K-12.

VKV Koç High School is a member of the European Council of International Schools (ECIS) and the National Association for College Admission Counseling (NACAC). Moreover, beginning in the tenth grade, in addition to the Turkish National Curriculum, the School offers the International Baccalaureate (IB) Diploma Program.

The average IB scores of high school students broke a record in both the school's history and in international standards. The class of 2014 sent the largest number of their members to universities abroad and received the largest number of scholarships ever in the school's history.

A year full of success at Koç University

Established by the Vehbi Koç Foundation in 1993, Koç University strives to make universal contributions to science and raise individuals with social awareness, in its mission of becoming a center of excellence.

In 2014, 22 faculty members of Koç University garnered Turkey's most distinguished science and research awards in various fields such as electrics and electronics, international relations, psychology, math, history, marketing, chemical and biological engineering, and molecular biology and genetics.

Koç University faculty members published 276 articles in journals cited by ISI. The University maintained its high ranking in Turkey in terms of publications per person.

In 2014, Koç University ranked among the top 350 universities in The Times Higher Education's World's University Rankings. The University placed 41st in the 100 Under 50 (years old) University Rankings, 40th in the Asian University Rankings, and 20th in the BRICS & Emerging Economies Rankings issued by the same institution.

HEALTHCARE

Koç University Hospital Inaugurated

Koç University Hospital, affiliated with Koç University School of Medicine, opened its doors on the Topkapı Campus in the last quarter of 2014.

The hospital has 192 patient rooms, 13 operating rooms and 224 outpatient examination rooms. Equipped with state-of-the-art equipment, Koç University Hospital initiated its medical education program in the academic year of 2014-2015. In the second phase of the project, the Oncology Hospital and two additional wings of the main hospital, School of Nursing, Advanced Learning and Research Center as well as faculty/staff housing and student dorms will be completed.

Book sheds light on the history of nursing in Turkey

The Vehbi Koç Foundation Nursing Fund, the first of its kind, was founded 40 years ago under the direction of Semahat Arsel to offer solutions for the nursing profession, and to help nurses receive an education guided by the ethics and values of their profession. Established in 1992, the Semahat Arsel Nursing Education and Research Center supports the professional education of nurses.

During Nurses Week, which ran from May 12 to 18, 2014, the Foundation issued the first comprehensive study on the history of nursing in Turkey. The book titled "From Wars to Hospitals: The History of Nursing in Turkey" also aims to shed light on nursing as a profession and on its education.

In the book, Prof. Nuran Yıldırım describes the challenges faced by the profession of nursing up to the present time, and measures that can be taken to educate the nurses of the future.

Vehbi Koç Foundation

The Vehbi Koç Award went to Prof. Zeynep Çelik in the field of culture in 2014.

CULTURE

Vehbi Koç Award goes to Prof. Dr. Zeynep Çelik

The Vehbi Koç Foundation gives the Vehbi Koç Award to encourage individuals and institutions to work on improving people's quality of life. Awarded annually and rotating between the fields of culture, education and healthcare, the Vehbi Koç Award went this year to Prof. Zeynep Çelik.

A faculty member at the New Jersey Institute of Technology's Faculty of Architecture and Design, Prof. Zeynep Çelik is among the first female historians studying Ottoman urban and cultural architecture and Ottoman urban history. In his speech at the award ceremony, Koç Holding Chairman Mustafa V. Koç suggested that Prof. Zeynep Çelik's studies have broken fresh ground in Ottoman history.

As in every year, the Selection Committee was composed of the foremost experts in the relevant fields. This year, the Committee was chaired by Prof. Şevket Pamuk, a faculty member at Boğaziçi University's Institute for Modern Turkish History and Department of Economics and a member of the European Academy of Sciences. The other prestigious members of the 13th Vehbi Koç Selection Committee included Prof. Ethem Eldem, Prof. Eric J. Zürcher, Emeritus Prof. Fikret Adanır and Prof. Dr. Suraiya Faroqhi.

Vehbi Koç Foundation's Sadberk Hanım Museum published an education package for children

The Vehbi Koç Foundation's Sadberk Hanım Museum is Turkey's first private museum. It was opened in memory of Vehbi Koç's wife, Sadberk Koç, on October 14, 1980 in a building named Azaryan Yalısı to exhibit her personal collection. Since its founding, the Sadberk Hanım Museum has presented exquisite displays of the best of Ottoman embroidery.

Under the project, "Let's Go to the Museum," the Sadberk Hanım Museum issued an education package for children. Drawing on the museum collection for educational purposes, the package includes two activity books that inform children on the daily lives and cultural heritage of Anatolian civilizations and visits to the museum, along with a guidebook for teachers, which provides recommendations for organizing a fun and informative visit to the museum.

Under the project, "Let's Go to the Museum," the Sadberk Hanım Museum issued an education package for children.

The activity books, "Art History" and "Archaeology," are designed to help children discover these subjects through fun engagement. Intended for children aged 8 and above, the books feature games of logic, matching, puzzles and painting, and begin with a story. The children are accompanied by Toros, a fictional character from the Roman era in "Archaeology," and by the young Ottoman girl, Gülendam, from "Art History." The books educate children in an entertaining manner, and turn the museum visit into an interactive exploration for curious students.

VEKAM becomes an academic research center

The Vehbi Koç and Ankara Research Center (VEKAM) conducts academic research on Ankara and collects and makes available to researchers all kinds of information and documents related to Ankara. The vineyard house, purchased in 1923 by Vehbi Koç and used by the Koç Family as their summer residence for many years, underwent restoration in 1992 and 1993. It was handed over to the Vehbi Koç Foundation in 1994, and has become the primary reference center for urban studies on Ankara. In 2014, VEKAM became affiliated with Koç University and obtained the status of an academic research center.

AKMED acquires another house in Kaleiçi

The Suna-İnan Kıraç Research Institute for Mediterranean Civilizations (AKMED) and the Kaleiçi Museum opened its doors in 1996 under the umbrella of the Vehbi Koç Foundation to support research on the archaeological, ethnographic and cultural heritage of Antalya and its environs.

To meet the requirements of the AKMED library, which is in expansion, an additional house in the Kaleiçi district was renovated, and inaugurated on June 3, 2014. This new building houses the library, as well as new study areas, the archive and a numismatic library, which plays a pioneering role in the national arena.

Legal Disclosures

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CVs of Board of Directors and Executive Management

Risk Management

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Shareholder Structure and Voting Rights

Our Company's shares are divided into two groups, A and B. Each A group registered share holds two voting rights at our General Assembly.

Our shareholders' voting rights, taking into account the privileged shares, are presented below:

SHAREHOLDER	AMOUNT (TL)	SHARE STAKE (%)	VOTING RIGHT	VOTING RIGHT STAKE (%)
Koç Family (Group B)	654,607,780	25.81	65,460,778,117	20.36
Temel Ticaret ve Yatırım A.Ş. (Group B)	401,210,786	15.82	40,121,078,570	12.48
Temel Ticaret ve Yatırım A.Ş. (Group A)	678,773,422	26.77	135,754,684,460	42.23
Koç Holding Emekli ve Yardım Sandığı Vakfı (Group B)	50,451,548	1.99	5,045,154,800	1.57
Vehbi Koç Vakfı (Group B)	181,405,360	7.15	18,140,536,000	5.64
Rahmi M. Koç ve Mahdumları A.Ş. (Group B)	2,658,789	0.11	265,878,900	0.08
Publicly Held (Group B)	566,790,365	22.35	56,679,036,452	17.64
TOTAL	**2,535,898,050**	**100.00**	**321,467,147,299**	**100.00**

There was no material change in non-publicly traded shares during the year. Lazard Asset Management LLC, which in 2013 had announced that it came to control a 5.048% stake in our Company by acquiring free-floating shares, made another announcement on January 12, 2015, indicating that its stake fell below 5% due to share sales.

Important changes in ownership structure of Koç Holding's financial fixed assets in 2014

Changes to the ownership structure of the financial fixed assets that Koç Holding owns directly, which exceeds the limits set by the Turkish Commercial Code, are presented below:

COMPANIES	2014 (%)	2013 (%)	CHANGE	DISCLOSURE
ADG Enerji Yatırımları	0.00	100.00	-100.00	Following the purchase od 100% shares of Enram Su ve Çevre Yatırımları A.Ş., a subsidiary of Koç Holding, by Aygaz; the trade name has been changed as ADG Enerji Yatırımları A.Ş.
AES Entek	49.62	24.81	24.81	Koç Holding purchases shares with a nominal value of TL 133,594,282 correspoding to 24.8% share of AES Entek from AES Mont Blanc Holding B.V. Aygaz also purchased shares with a nominal value of TL 133,594,282 of AES Entek.
Harranova Besi	0.00	16.47	-16.47	On October 1, 2014, its sale to The Morning Star Company was completed.
Tek-Art Marina	75.92	49.22	26.71	Koç Holding purchased 26.71% shares of Tek-Art Marina.
Zinerji	0.00	37.00	-37.00	Akpa purchased the shares that correspond to 92% of the total capital of Zinerji Enerji San.Tic.A.Ş - where it already owned 8% of the Company - from other shareholders on the July 24, 2014. Zinerji merged with Akpa on the December 10, 2014.

Legal Disclosures

Information on the amount of financial fixed assets Koç Holding A.Ş. holds indirectly (broken down as 5%, 10%, 20%, 25%, 30%, 50% or 100%, and the transactions that fall below these percentages) can be found in the table below.

COMPANIES	2014 (%)	2013 (%)	CHANGE	DISCLOSURE
ADG Enerji Yatırımları	40.68	100.00	-59.32	Included in the scope of consolidation in 2014 and the trade name has been changed as ADG Enerji Yatırımları A.Ş. following the purchase of 100% shares of Enram Su ve Çevre Yatırımları A.Ş. by Aygaz, a subsidiary of Koç Holding.
AES Enerji	0.00	34.90	-34.90	It was merged with AES Entek on June 13, 2014.
AES Entek	69.80	34.90	34.90	Following the purchase of shares with a nominal value of TL 133,594,282 by Koç Holding and TL133,594,282 by Aygaz, the proportion of effective interest of Koç Holding in AES Entek has been changed.
ArcticPro	0.00	39.18	-39.18	It was liquidated in 2014.
Ayas Enerji	34.90	17.45	17.45	Following the purchase of 49.62% shares of AES Entek by Koç Holding and Aygaz, the proportion of effective interest of Koç Holding in these companies has been changed.
Beko Hungary	0.00	40.51	-40.51	It was liquidated in 2014.
Beko Tayland	40.51	0.00	40.51	It was established as a production and sales company in December 2014.
Cenay Elektrik	0.00	34.90	-34.90	It was merged with AES Entek on June 13, 2014.
Defy Carron	0.00	40.51	-40.51	It was liquidated in 2014.
Defy Ocean	0.00	40.51	-40.51	It was liquidated in 2014.
Eltek	69.80	34.90	34.90	Following the purchase of 49.62% shares of AES Entek by Koç Holding and Aygaz, the proportion of effective interest of Koç Holding in these companies has been changed.
Ferrocom	0.00	2.34	-2.34	It was merged with Demir Export in 2014.
Grundig Czech Republic	0.00	40.51	-40.51	It was liquidated in 2014.
Harranova Besi	0.00	41.95	-41.95	On October 1, 2014, its sale to The Morning Star Company was completed.
Kumköy Enerji	0.00	34.90	-34.90	It was merged with AES Entek on June 13, 2014.
Moova	43.82	0.00	43.82	It was acquired by Tat Gıda in 2014.
Netsel	41.76	27.76	13.99	Following the purchase of 26.71% shares of Tek-Art Marina by Koç Holding, the proportion of effective interest of Koç Holding in these companies has been changed.
Opet Gıda	0.00	18.00	-18.00	Opet Gıda was merged with Opet on February 12, 2014.
RMK Marine	60.51	53.81	6.70	Following the purchase of 26.71% shares of Tek-Art Marina by Koç Holding, the proportion of effective interest of Koç Holding in these companies has been changed.

Selen Elektrik	0.00	34.90	-34.90	It was merged with AES Entek on June 13, 2014.
Seymenoba Elektrik	69.80	34.90	34.90	Following the purchase of 49.62% shares of AES Entek by Koç Holding and Aygaz, the proportion of effective interest of Koç Holding in these companies has been changed.
Tedi İçecek	21.91	0.00	21.91	50% of its shares was acquired by Tat Gıda in 2014.
Tek-Art Marina	75.92	50.48	25.44	Following the purchase of 26.71% shares of Tek-Art Marina by Koç Holding, the proportion of effective interest of Koç Holding in these companies has been changed.
Yalova Marina	47.91	46.63	1.27	Following the purchase of 26.71% shares of Tek-Art Marina by Koç Holding, the proportion of effective interest of Koç Holding in these companies has been changed.
Yapı Kredi Malta	32.89	0.00	32.89	It was established in 2014.
Yapı Kredi Yatırım	0.00	31.36	-31.36	It was liquidated in 2014.
Zinerji	0.00	59.95	-59.95	It was merged with Akpa in 2014.

Stock Information

BIST Code	: **KCHOL**
Reuters Code	: **KCHOL.IS**
Bloomberg Code	: **KCHOL.TI**
Date of initial public offering	: **10.01.1986**
Share of foreign ownership in free float (31.12.2014)	: **80.9%**

Extraordinary General Assembly Meeting, if held during the year

An Extraordinary General Assembly meeting was not held during the year.

Organizational changes during the year

There were no material organizational changes in the operating year.

Associated Company Report

Turkish Commercial Code No. 6102 Article 199, which came into effect on 1 July 2012, obliges Koç Holding A.Ş.'s Board of Directors to prepare, within the first three months of the operating year, a report on the Company's relations with its controlling shareholders and their associated companies for the previous operating year, and to include the conclusion section of this report in the annual report.

The Koç Holding A.Ş. Board of Directors report of 5 March 2015 states: "In all transactions conducted in 2014 with Koç Holding A.Ş.'s controlling shareholders and their associated companies, based on the circumstances and conditions known by us at the moment the transaction was conducted, measures were taken, or avoided; it was determined that appropriate action had been taken in each transaction, and that no measure was taken or avoided that could harm the Company, and accordingly, that no compensatory transactions or measures needed to be taken."

Lawsuits against the Company and any probable outcomes that could impact the Company's financial situation and operations

There are no lawsuits filed against the Company significant enough to have an impact on its financial situation or operations.

Announcements concerning administrative or judicial sanctions imposed on the Company and its management due to practices in violation of regulations

No administrative or judicial sanctions have been imposed on the Company, or its management due to regulatory violations.

Corporate Governance Compliance Report

SECTION I - DECLARATION FOR THE COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

Acting upon the belief that good corporate governance is fundamental to the sustainability of companies, at a time before corporate governance principles had been drawn up in Turkey; Koç Holding A.Ş. ("Koç Holding") took the steps needed, voluntarily and proactively, to reach the highest standards of corporate governance. Koç Holding has always made (i) transparency, (ii) fairness, (iii) responsibility and (iv) accountability its four main inviolable principles.

Koç Holding's management structure, processes and policies have been established in compliance with the prevailing regulations, ensuring clarity and transparency in the areas of decision making and responsibility. Koç Holding is one of the first Turkish companies to appoint independent members to its Board of Directors ("BoD"). Koç Holding is also one of the few companies in Turkey to link the remuneration of its senior management to sustainable financial and operational performance. Koç Holding, in accordance with laws and regulations, provides the requisite information to all investors and analysts simultaneously in a timely, reliable, consistent and orderly manner. In order to ensure continuous and effective communication, Koç Holding organizes investor meetings, conferences and panels and targets to reach a wider audience through media interviews and press bulletins.

Koç Holding has adopted the "Corporate Governance Principles" that the Capital Markets Board (CMB) enacted in July 2003 and the Holding has implemented most of these universal principles. Though our Company fully complies with the compulsory principles within the scope of the Corporate Governance Communiqué n.II-17.1 that was in force in 2014; due to the fact that 3 of the 5 independent members (who held position until the 22nd of September 2014) of our Board of Directors composed of 15 members, were not resident in Turkey, we were unable to comply in the mentioned period with the principle stipulating that; "within the framework of the Income Tax Law, at least half of the independent members of the Board of Directors must be resident in Turkey". Benefiting from the exception in the Corporate Governance Communiqué regarding this issue, an approval was received from the Capital Markets Board, regarding Peter Denis Sutherland's independent membership for a restricted period of 1 year. On the 20th of October 2014, Mustafa Kemal Olgaç was appointed to the vacant membership position of Sanford I. Weill who left his position as an independent membership in the Board of Directors. Thus, from then onwards more than half of our independent members met the principle of being resident in Turkey and therefore, compliance with all compulsory principles within the scope of the Corporate Governance Communiqué has been achieved.

Koç Holding has also widely implemented most of the non-mandatory principles. Koç Holding has not yet achieved full compliance due to: the challenges encountered in the implementation of some principles, ongoing discussions in Turkey and internationally regarding compliance with certain principles, and the failure of the current market and corporate structure to comply with such principles in a proper manner. We are working on the principles not yet implemented and we plan to apply them once the administrative, legal and technical infrastructure for the effective governance of our company has been completed. The non-compulsory Corporate Governance Principles that we have not yet achieved full compliance with are explained below while detailed information regarding this issue is included in the related sections of the report. Our Company was not exposed to any conflict of interest due to non-compliance with such principles.

- Regarding the principle n. 1.5.2; In the Articles of Association, minority rights are not granted to those who are in possession of less than one twentieth of the capital, and in parallel to the general practices in the country, rights were granted to the minority within the general legislative framework.
- Regarding the principle n. 4.3.9; No target ratio and timing has been determined for female members in the Board of Directors. Our evaluations regarding this issue continue.
- Regarding the principle n. 4.4.7; Since business and sectorial experiences of the members of the Board of Directors have significant contribution to the Board of Directors, there are no limitations for the members of our Board of Directors to assume duties outside the Company.
- Regarding the principle n. 4.5.5; Know-how and experience of the members of our Board of Directors is taken into consideration when appointing members to the committees in line with the relevant regulations. Some of the members of our Board of Directors can assume duties in more than one committee. However, members who assume duties in more than one committee enable communication among the committees that carry out activities in connected subjects and increase the opportunity of collaboration.
- Regarding the principle n.4.6.5; remuneration of the members of the Board of Directors and managers who have administrative responsibilities is disclosed on a non-individual basis – in parallel to the general practices – at the footnotes of our financial statements and at the general assembly meetings.

The primary efforts in the area of Corporate Governance in 2014 were to ensure compliance with; the Capital Markets Law that includes the new regulations regarding CMB's Corporate Governance Principles; the Corporate Governance Communiqué (prepared based on Capital Markets Law) that entered into force at the beginning of 2014; and the renewed Corporate Governance Principles.

In our Ordinary General Assembly meeting held in 2014; our Board of Directors and the Committees of the Board of Directors were established in compliance with the regulations stipulated in the Corporate Governance Communiqué, and our Company's "Profit Distribution Policy" as well as the "Remuneration Policy for the Members of the Board of Directors and Senior Executive Managers" was approved. Before the General Assembly, the procedures for designating independent candidates and making public disclosures were completed and candidates were elected according to regulations. The committees established under the BoD continued to function effectively. The disclosure note that contains the compulsory information such as information on preferred shares, voting rights and organizational changes, as well as the CVs of BoD membership applicants, the remuneration policy for Board Members, and Senior Executive Managers was provided to our investors three weeks prior to the General Assembly. In addition, the Company's website and annual report were reviewed and revisions required to comply with the principles were made.

We will continue our endeavors to ensure full compliance with the Principles in light of the developments in legislation and general practice.

SECTION II - SHAREHOLDERS

2.1. Investor Relations Department

In the Board of Directors meeting held on the 26th of June 2014, the Board of Directors decided that the duties stipulated in the 11th Article of the Corporate Governance Communiqué will be carried out – under the management of the CFO, Ahmet F. Ashaboğlu – by the Investor Relations Coordinator, Ms. Funda Güngör Akpınar, and the Finance Coordinator Responsible for Ensuring Compliance with Capital Markets Regulations, Ms. Nevin İmamoğlu İpek.

In this framework, the Investor Relations Department (IR) is responsible for liaising in the relations between Koç Holding and its shareholders in coordination with other relevant departments:

IR is responsible for providing information, excluding trade secrets, to existing and potential shareholders on the Company's operations, its financial position and strategy and managing the bilateral communication between the shareholders and the Company management. The information is provided in an orderly manner that will not cause any inequality of information, by consulting the relevant departments and coordinating with the Group companies when required. Some of the activities that are stipulated in the Corporate Governance Communiqué are carried out by the Department of Legal Consultancy (ensuring that the General Assembly meetings are held in compliance with the regulations in force, the Articles of Association and other internal regulations of the company) and Finance Department (fulfilling all obligations of public disclosure - required by the regulations – such as; preparation of documents that shareholders will use at the General Assembly meetings, public disclosure of financial reports and material events).

IR prepares an activity report, at least annually, to the Corporate Governance Committee and CEO to be submitted to the BoD. The report regarding the activities in 2014 was submitted to the Corporate Governance Committee in order to be presented to the Board of Directors on 5 March 2015. In addition, at the beginning of every year, an investment relations strategic plan is prepared.

Investor Relations Contacts

CFO-Finance and Strategic Planning Group President: Ahmet F. Ashaboğlu
Investor Relations Coordinator: Funda Güngör Akpınar
Finance Coordinator Responsible for Ensuring Compliance with Capital Markets Regulations: Nevin İmamoğlu İpek
Investor Relations Manager: Gizem Bodur
Investor Relations Manager: Neslihan Aycıl
Finance Manager: Ayça Sandıkcıoğlu

Nevin İmamoğlu İpek and Ayça Sandıkcıoğlu have Capital Market Activities Advanced Level License and Corporate Governance Rating Specialist License. Gizem Bodur has Capital Market Activities Advanced Level License. Funda Güngör Akpınar has already fulfilled the prerequisites (exam and training) for the Capital Market Activities Advanced Level License and the Corporate Governance Rating Specialists License and is currently waiting to receive her licenses. Gizem Bodur has already fulfilled the prerequisites (exam and training) for the Corporate Governance Rating Specialists License and is waiting to receive her license.

In 2014, IR attended 14 roadshows and conferences in Turkey and abroad and held more than 600 meetings with existing and potential investors. To keep shareholders better informed of the current trends and developments, the roadshow presentations were posted on the website. One-on-one interviews were held with analysts at more than 20 meetings. In addition, 4 times per annum when quarterly financial results were announced, IR held a webcast to discuss the financial results with the investment community where the question of the investment community was answered by senior management. The voice records and transcripts of the webcasts, as well as the relevant investor presentations were published on the Company website for the convenience of those investors who were unable to participate in the broadcast for further replay or downloading. The Company website, investor presentations and investor bulletins were updated regularly and at most on a quarterly basis, with the aim of informing the public and shareholders. Material disclosures were posted on the Company website in Turkish and English at the same time as their announcement on the Public Disclosure Platform. Koç Holding acted in complete prudence in carrying out these activities to ensure full compliance with the regulations. There were no complaints filed with our Company regarding the exercise of shareholders' rights in the last year. To the best of our knowledge, there were also no administrative or legal proceedings regarding this subject. Numerous information requests were sent to the Investor Relations Department

Corporate Governance Compliance Report

mainly via e-mail from the analysts and investors regarding the company financials and developments in business areas and all questions were answered in parallel to the publicly available data/information.

2.2. Exercise of Shareholder Rights to Obtain and Evaluate Information

Koç Holding does not discriminate among shareholders vis-à-vis their right to obtain and evaluate information, and all information, except trade secrets, is shared with the shareholders. Enquiries directed to IR, with the exception of information considered confidential or a trade secret, are answered in writing or by phone by the person authorized to respond on that particular issue. As explained in section 3.1 of this report, all information and announcements that may have an impact on the exercise of shareholder rights are posted on the website.

Though our Articles of Association does not govern the right of individual shareholders to demand a special auditor, under the Turkish Commercial Code Article 438, any shareholder can request from the General Assembly clarification of an issue via a special audit, even if the issue is not on the agenda. This request can be made provided it is necessary for the exercise of shareholder rights, and the right to receive and evaluate information concerning the events in question has previously been exercised. To date, no shareholder has submitted such a request. The Company's activities are audited periodically by an Independent Auditor elected at the General Assembly.

2.3. General Assembly Meetings

General Assembly Meetings are held in accordance with the procedure drawn up for the general rules for Koç Group companies, taking into account the Turkish Commercial Code (TCC), Capital Market Legislation and the Corporate Governance Principles, and are organized in a manner to enable wide participation by the shareholders and to provide adequate information to the shareholders.

One Ordinary General Assembly Meeting of Koç Holding was held in 2014. It was held on 2 April 2014 with 89.92% attendance. No agenda proposal for the meeting was made by the shareholders.

Our General Assembly Meetings are open to the public. Stakeholders and the media are able to follow the meetings. The General Assembly Meeting is held under the supervision of a government observer from the Ministry of Customs and Trade.

Invitations to the General Assembly Meetings are issued by the BoD in compliance with the TCC, Capital Markets Law and Company's Articles of Association. The public is informed immediately of the BoD's decision to hold the General Assembly Meeting through the Public Disclosure Platform and Electronic General Meeting System (e-GEM). General Assembly announcements are made in a way that complies with legal regulations as well as made on our website at www.koc.com.tr no later than 21 days prior to the General Assembly in order to reach the highest number of shareholders possible.

Prior to the General Assembly Meeting, the agenda items and related documents are announced to the public in compliance with all legal processes and regulations. The agenda items of the Assembly Meeting - annual report, financial statements, corporate governance compliance report, profit distribution proposal, independent auditors' reports and, proposed amendments, if any, to the Articles of Association with copies of the old and new versions of the texts, Disclosure Policy, Dividend Distribution Policy, the CVs of all BoD member candidates, including those of independent candidates, are posted on the Company website and made available at Company headquarters three weeks prior to the meeting so as to facilitate easy access to the shareholders. In addition, a detailed explanation for each agenda item in the agenda announcements is made and, together with other information regarding the principles of general assemblies, is provided to investors.

At the General Assembly Meeting, the agenda items are expressed in an unbiased and detailed manner and presented in a clear and concise method to provide shareholders with an opportunity to express their opinions under equal conditions and raise any questions. During our Ordinary General Assembly Meetings, the questions raised by our shareholders, guests and media representatives are answered by the Chairman of the BoD and our Executive Management. All questions asked by our shareholders at the General Assembly meeting held on the 2nd of April 2014 were answered during the meeting. No shareholders submitted a written question to the Investor Relations Department on the basis of not having received an answer at the General Assembly.

General Assembly meetings are held at Company Headquarters and via the Electronic General Meeting System to facilitate attendance at meetings. Under conditions stipulated in the Articles of Association, meetings may be held in another place in the city upon the request of shareholders. The location of the General Assembly meeting is selected to enable easy access to all shareholders. Proxy forms were placed on our website and announced to shareholders in a newspaper for shareholders wishing to be represented through proxy at the meeting.

Minutes of the General Assembly meetings are available at the Public Disclosure Platform, e-GEM and our Company website, www.koc.com.tr. In addition, these minutes are made available to all shareholders for examination at the Company headquarters.

Information about aid and donations made within the related year is provided with a separate agenda item at the Ordinary General Assembly meetings. The upper limit of the donations was determined as TL 16 million for 2014 at the Ordinary General Assembly meeting held in 2014.

In 2014, there was no issue left to the decision of the general assembly for which affirmative votes of the majority of the independent members of the Board of Directors were required in order to take a decision at the Board of Directors according to CMB regulations, and such affirmative votes could not be received.

In 2014, our Company's majority shareholders (who control the management of the Company), Board of Directors' members, managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree did not make any important transaction with Koç Holding or its associate companies which may lead to conflicts of interest and/or did not make any material transaction, related to a commercial business that is within the scope of Koç Holding's or its associate companies' field of activity, for their own account or for the account of others or did not become unlimited partners in other companies carrying out similar commercial businesses, except the purchase of the shares of Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş., which was announced to the public on the 8th of May 2014.

2.4. Voting Rights and Minority Rights

Restrictions on the use of voting rights at our Company are avoided; all shareholders are provided the right to vote equitably, easily and appropriately.

Koç Holding shares have been divided into two groups as Group A and B. Each registered Group A share is entitled to 2 voting rights at the General Assembly Meeting. However, for decisions concerning the amendment to the Articles of Association or filing a lawsuit of acquaintance and responsibility, all shares have 1 (one) right to vote. As stated in Company's Articles of Association, shareholders of preferred stock do not have the privilege to nominate candidates to the BoD.
If amendments are required to the Articles of Association, A Group preferred shareholders meet and approve the decisions taken at the General Assembly Meeting. A Group shares represent 26.77% of the paid-in capital and 42.23% of the total voting rights. B Group shares, each of which is entitled to 1 vote represent 73.23% of the paid-in capital and 57.77% of the total voting rights.

Within the Holding, no cross ownerships exist that are associated with a controlling relationship.

There are no restrictions or obligations in the Articles of Association concerning the representation of minority within the management or any provision that defines minority as having possessing shares less than 1/20 of the total shares of the company.

2.5. Dividend Right

Koç Holding's Dividend Policy is determined at the General Assembly Meeting in 2 April 2014 within the framework of the provisions of the Capital Market Legislation and our Articles of Association. There are no privileges in dividend distribution between A and B type shareholders.

The dividend distribution policy and the dividend distribution proposal, as disclosed to shareholders at the General Assembly, are in the report. In addition, the policy and proposal are posted on the Company website, along with a brief history of dividend distribution and detailed information about capital accumulation. In 2014, gross profit of 16.03% was distributed to the shareholders.

Dividend Distribution Policy

Our Company makes profit distribution within the framework of; the provisions of the Turkish Code of Commerce, Capital Markets Regulations, Tax Regulations and other relevant regulations as well as the article regarding profit distribution in our Articles of Association. In profit distribution, a balanced and consistent policy is pursued between the interests of the shareholders and the interests of the Company in compliance with the Corporate Governance Principles.

In principle, as long as the relevant regulations and financial means are convenient, at least 5% of the distributable period profit – calculated within the framework of the Capital Markets Regulations by taking into consideration the market expectations, our long-term group strategy, and capital requirements, investment and financing policies, profitability and cash status of our Company, our subsidiaries and associated companies – is distributed to the shareholders in cash.

Pursuant to paragraph (c) of Article 19 of our Articles of Association, no more than 2% of the amount remaining from the pre-tax earnings after the allocation of the first series of legal reserve fund, financial obligations, and first level dividend to shareholders withheld as per the Capital Markets Legislation, is allocated to Koç Holding Pension and Assistance Foundation. Additionally, as per paragraph (d) of the same article without prejudice to the first level dividend established under the Capital Markets Legislation, 3% of the amount remaining after the deduction of first series of legal reserve fund, financial obligations and 5% of the paid-in capital from the pre-tax earnings, is allocated to holders of usufruct certificates. However, the amount that will be paid to holders of dividend right certificates cannot exceed 1/10 of the amount remaining from the net profit after the deduction the first series of legal reserve fund and first level dividend to shareholders established under the Capital Markets Legislation.

Corporate Governance Compliance Report

Unless reserve funds that must be set aside according to the Turkish Code of Commerce and the dividend determined for the shareholders above are not reserved, no decision can be taken; to set aside other reserve funds, or to transfer the profit to the following year, to distribute dividend to the holders of jouissance shares and Koç Holding Pension and Aid Fund Foundation; and unless dividend determined for the shareholders is not paid in cash, no dividend payment can be made to these persons.

The aim is to make profit distribution within one month at the latest following the General Assembly meeting. Profit distribution date is decided by the General Assembly. General Assembly or the Board of Directors (if authorized) may decide to make dividend payment with instalments in compliance with the Capital Markets Regulations.

According to the Company's Articles of Association; As long as it gets authorized by the General Assembly and complies with the Capital Markets Regulations, the Board of Directors may distribute "advance dividend".

2.6. Transfer of Shares

Article 9 of our Company's Articles of Association sets out the principles regarding transfer of shares and there are no provisions in the Articles of Association that complicate the transfer of B-type shares traded on the stock exchange. A-type shares that are not listed in the stock exchange can be transferred outside of the stock exchange only with the approval of the BoD. BoD has the right to refuse approval by advising the transferor to transfer his/her shares to his/her own account, or other shareholders' or third parties' accounts at the real value of the shares at the time of request for approval.

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company Website and Contents

Koç Holding's website (www.koc.com.tr) provides current and historical information in Turkish and English. There is an Investor Relations section to provide more comprehensive information to current and potential shareholders and brokerage houses. Complete information required by the CMB Corporate Governance Principles is available on our Company website. Principles governing our website are contained in our Disclosure Policy. In addition, our e-mail address is printed on company letterhead.

3.2. Annual Report

Koç Holding annual report is prepared in detail and according to CMB Corporate Governance Principles to ensure that complete and accurate information about the Company's operations reaches the public.

SECTION IV - STAKEHOLDERS

4.1. Disclosure to Stakeholders

As a holding company, our Company does not have any direct contact with customers, vendors, etc., but it does have relations with a wide range of stakeholders, due to its subsidiaries and affiliates. Stakeholders are informed of issues that may concern them by means of invitations to regular meetings or via intranet and electronic communication tools. Public disclosures are made by press conferences and through statements and bulletins in the media, and press releases are posted simultaneously on the Company's official website and on the corporate social media accounts while information sharing with employees is realized through various announcements and meetings and organizations on a regular basis.

By holding our General Assembly Meetings open to all stakeholders, providing detailed information on our website, publishing comprehensive annual reports, issuing press releases and implementing other practices that promote transparency as per our Disclosure Policy, we aim to inform not only our shareholders but also all stakeholders.

Important announcements, management changes and press bulletins are posted on the intranet for the convenience of Group employees. Furthermore a periodic internal magazine ("Bizden Haberler"), which is also followed by the public, is issued by the Corporate Communications department to increase communication with the employees.

Koç Holding's Chairman of the Board, CEO and Executive Management participate in the "Anatolian Meetings," which are held with the dealers of our Group companies located in different parts of Turkey with the aim of exchanging views and generating ideas. In these meetings, dealers are provided with updates on the developments in the Group and their ideas can be got first hand. "Anatolian Meetings" have been held for over ten years now.

In addition, our companies also hold regular meetings with their dealership network to ensure a close relationship.

Through the contact form on the company's official website, www.koc.com.tr, or the hotline on company intranet sites, stakeholders can report practices that violate regulations and ethically inappropriate transactions to the Audit Group Chairman to be communicated to the Audit Committee.

4.2. Support of Stakeholder Participation in Company Management

Group companies hold comprehensive meetings and exchange ideas during the year with dealers and providers and evaluate and work on the suggestions that come up during these meetings.

The results of periodically conducted dealer and customer satisfaction surveys are of significant importance to Koç Holding. Improvement of dealer and customer satisfaction are made part of Group companies' management performance targets.

Throughout the year, Group companies hold meetings whereby they obtain the views of company employees regarding company practices and strategies. Additionally, employees' opinions and comments regarding company practices are obtained and their loyalty and satisfaction levels are measured via the Employee Loyalty surveys carried out in all Group companies every year. Survey results are taken into consideration in Company's operations and improvement goals are added to the performance score cards of the General Managers.

4.3. Company Human Resources Policy

"Our Most Important Asset is our People," the statement of our Founder, Vehbi Koç, best summarizes the basic approach of Koç Group to human resources. Accordingly, Koç Group aims to become Turkey's most admired and preferred corporation, one that creates high added value, employs professionals, each of whom are the best in their fields, and in which its employees are proud to be a part.

To achieve this goal, within the framework of the Human Resources Policy of our Company, we are committed to:

- Attracting the most competitive young and experienced professionals who can carry our Group into the future,
- Rewarding achievement through competitive compensation policies and high performance standards,
- Making investments for continual development,
- To create equal opportunity with all Human Resources applications,
- To increase employees' engagement to the Company with career opportunities and awarding processes,
- Improving engagement of employees to the Company by creating equal opportunities in promotions and rewards,
- Creating a working environment that is always peaceful,
- Implementing fair, objective and transparent human resources systems.

Koç Group values its employees and respects their rights. The employment contract signed with them at the time of recruitment covers the mutual responsibilities of the Company and the employees. The Personnel Code describes in a detailed and clear manner the working standards and covers all human resources processes from recruitment to resignation. Employees' rights are structured within the scope of the regulations in force, labor contacts, personnel guidelines and code of ethics.

Koç Holding's Human Resources Directorate determines the strategies and basic policies and principles pertaining to these procedures and conducts relations with all employees of the Group companies. The Directorate has three functional units: The first department is in charge of Compensation, Performance and Koç Holding HR processes; the second department is in charge of Organizational Development, Training and Recruitment processes, the third department is the Industrial Relations Department.

Positions in the Human Resources Directorate:

Human Resources Director: Özgür Burak Akkol
Human Resources Coordinator (Compensation, Performance, Koç Holding HR Process): Fatih Ay
Human Resources Coordinator (Organizational Development, Training and Recruitment): Damla Tamakan
Industrial Relations Coordinator: İlber Aydemir

The Human Resources Department ensures that candidates who meet the competency criteria as described in the Human Resources policies are evaluated and recruited without discrimination and benefit from equal opportunities throughout their employment.

During recruitment, prospective employees are provided with detailed job descriptions and information about the Human Resources Directorate's procedures. The Directorate's operations are conducted in an integrated fashion with the participation of employees once they have been hired. Employees are given information about job descriptions and task distribution as well as performance and awarding criteria. In this context, employees' performance is evaluated, competencies are measured and the improvement and career planning is performed. Work to be done is systematically assessed and the amount that needs to be done is determined. An international system is used for job evaluation; it ensures the relative grading of all jobs on the basis of responsibility levels and the contributions each makes to enabling the Company to reach its targets in every field of operation. The grades assigned according to job volume allow objective assessments to be made regarding career and wage management of employees. Sector-based market analyses of compensation are regularly conducted in order to ensure that employees receive competitive salaries. Vested benefits are added to the wage policy in line with the job grades of the employees. Moreover, the bonus system with predetermined criteria ensures that the Company achieves superior performance.

Corporate Governance Compliance Report

Detailed information about Human Resources policies and applications are available in page 28 of the Annual Report.

All employees are able to access through the electronic platform Koç@insan the Human Resources Systems that have been prepared for the purpose of implementing these policies. This platform offers an open communication environment where the information of all our employees is managed, and allows sharing of all policies, practices and announcements of the Human Resources Directorate in a fair and transparent manner.

The Performance Management System is available electronically across the Group through Koç@insan. This practice assures the effective and transparent deployment of the Company's objectives to employees, the measurement of employees' performance in achieving these objectives, the rewarding of employees' achievements, and the creation of their individual career development plans based on their competencies. Flawless communication with our employees at every stage of this process, mutual feedback and consensus form the foundation of this system.

As part of Company's emphasis of creating equal opportunities for its employees, employees with high development potential are determined based on their performance. Their competencies for positions at different levels are assessed and their career development is monitored closely. In addition, employees' potential for senior management roles are evaluated in a fair manner using the Assessment Center tools; and candidates with potential to fulfill the senior management positions in the future are selected based on objective criteria. The results of the assessment are shared with all Group companies during the annual Human Resources planning meetings, where all potential employees are reviewed. Succession plans are discussed as well.

A special Talent Management Program is conducted to identify talented leaders who we believe may play an important role in the future success of our entire Group, and to ensure their development. Our employees in this program have a variety of development opportunities such as; learning from the expert, participating in projects, getting corporate coaching, getting to know different functions and positions, sharing their expertise.

In line with the regulations, in workplaces with unionized workers included in collective bargaining agreements, union representatives are designated to manage employee relations. The Koç Holding Human Resources Directorate works in cooperation with the Human Resources and Industrial Relations departments of the Group companies, and Union Representatives to ensure the sustainability of a peaceful business environment.

In order to fully implement the provisions of the collective bargaining agreement and labor legislation for our employees and to expand good applications, Industrial Relations Coordination Committee meetings are held on a quarterly basis during the year within the scope of the agenda determined in line with the requirements of our companies. Also with the aim of ensuring correct implementation of labor legislation and Group HR policies and procedures, detailed technical trainings about different disciplines of work and seminars and trainings about new regulations are regularly developed.

The Group aims to achieve complete occupational health and safety in the work place and on the job. To this end, employees are kept informed of the regulations and directives in place at the Group and Company levels; they act in accordingly and take measures necessary to comply with them. In addition to the emphasis we place on the health and safety of our employees, the Occupational Health and Safety Coordination Committee set up in line with our principle of complying with relevant legislation continually manages the occupational health and safety issues of the Group. The goals of the Coordination Committee are reviewing relevant practices across the Group, implementing necessary development and improvement programs, ensuring the good practices developed in the Group are adopted by other Group companies and determining high occupational safety standards. To reach these goals, board meetings, seminars and trainings related to Occupational Health and Safety are being organized more frequently across the Group. Work accident reports are consolidated and tracked as they get centrally piled up twice a year.

Employee engagement and satisfaction is assessed via surveys conducted by specialized companies on an annual basis and factors that influence employee engagement are determined. In addition, employees' opinions regarding the issues like "human resources applications" and "management's style" are received with these surveys. Accordingly, Group companies are given targets that will improve employee engagement while enhancement activities are closely monitored and employees are encouraged to participate in the management.

Our main goal with this process is to provide our employees, our most valuable asset, with an effective work environment that will make them more loyal and happy employees. Examples of initiatives started for this purpose include the KoçAilem program, which its' details are explained page 30 of Annual Report, the Koç Holding Pension and Assistance Foundation and the Koç Group Sports Club, which have been created to benefit employees both during and after working life.

4.4. Ethical Principles and Social Responsibility

Koç Holding and Group companies continue their approach in the field of corporate social responsibility by embracing our founder Vehbi Koç's motto "I live and prosper with my country" as a fundamental principle. In this light, since the date it was founded, Koç Group has always yearned to channel the strength and know how it has gotten from the society in which it developed into projects that would in turn create shared value for the very same society. Koç Group confirmed that it has adopted corporate social responsibility as a way of doing business in 2006 by signing the UN Global Compact which constitutes an official and international framework for corporate social responsibility.

Koç Group has assumed an important social mission, not just in terms of the large number of people it employs, the economic value it creates and the taxes it pays, but also through its philosophy of corporate social responsibility integrated with sustainable management. Our sustainability management, consisting primarily of environmental practices, social development and work life, is reported and reviewed by our internal auditor in guidance with our corporate goals and promises and internationally accredited processes using the Koç Group Sustainability Performance Assessment and Reporting System. Through the system, which became operational in 2010, the periodic performances of the Holding and affiliated companies are assessed on the basis of hundreds of key performance criteria created for specific areas of operation.

In accordance with the GRI Standard reporting requirements and as per the UN Global Compact parameters; the received results are periodically reported in order to be reviewed by Koç Group shareholders. The Koç Group Corporate Social Responsibility Report, initially issued every year and now annually, may be accessed by the public through our website Information on Koç Groups performance regarding human rights, worker rights, environmental policy, ethical values and development can be found at www.koc.com.tr in our report. In order to carry these efforts further, the "Koç Group Sustainability Management Project" was launched in 2014 aiming to help Koç Group companies develop sustainable business models within the framework of an integrated strategy. The project aims to rethink our priorities in our sustainability approach. Within the framework of the assessments, the plan is to conduct the targeting and performance measurement processes with a subject based, integrated approach for the entire Group.

Ethical Rules

Koç Holding aims to be a symbol of trust, continuity and respect for Turkey and its customers, shareholders, dealers and subsidiaries by working with its employees to achieve sound growth and to provide goods and services at universal quality and standards whilst achieving customer satisfaction. Our values guide us on the path of attaining these goals and are shared via our website with the public. In order to ensure these values are spread to our employees and passed down to future generations the "Principles of Ethical Behavior and Praxis" were drawn up in writing and announced on 11 October 2010 to all Koç Holding employees.

Koç Holding's "Principles of Ethical Behavior and Praxis" regulate relations between employees, customers, the state, shareholders, competitors, subcontractors, distributors, authorized dealers and services and hold for all Group companies. All new employees are informed about these principles and praxis, which are an appendix to the personnel regulations; in addition, our employees can access this resource over the intranet portal. Koç Group's Code of Ethics and Business Conduct can be accessed on Koç Holding website.

The application of the Ethical Behavior Principles and the monitoring of compliance with them are executed by separate Ethical Behavior Committees in each Koç Holding company. In the event of updating or, if necessary amending, the changes are submitted to the Koç Holding BoD for approval by the Ethical Behavior Committees.

Social Investments

Koç Holding and the Group companies put social responsibility, which was introduced by Vehbi Koç, one of the pioneers of institutionalization in Turkey, into practice through social projects and in the way they conduct business.

In the "Corporate Social Responsibilities" section of our Annual Report, detailed information is available about the Social Responsibility projects carried out in 2014 by Koç Holding A. Ş. and Vehbi Koç Foundation ("Foundation ") – Turkey's first private foundation.

SECTION V - BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

The structure of the Koç Holding BoD complies with CMB Corporate Governance Principles; the CEO, Osman Turgay Durak, the chief executive, is not a member of BoD.

In the table below, brief information is given about our current Members of the Board of Directors who all are non-executive members in accordance with the definition made in the CMB Corporate Governance Principles. Members of our Board of Directors, except Mr. Mustafa Kemal Olgaç, were elected at the General Assembly meeting on the 2nd of April 2014 for a term of office until the General Assembly meeting to be held for the discussion of the activities of 2014. Mr. Sanford I. Weill who was elected as a member of the board of directors at the same General Assembly meeting, resigned on the 22nd of September 2014. For his vacant position, Mr. Mustafa Kemal Olgaç was appointed, upon CMB's consent, as an Independent Member of the Board of Directors, to be subject to the approval of the first General Assembly on the 20th of October 2014, and to complete the term of position of the resigning board member until the first General Assembly.

Corporate Governance Compliance Report

Information About Current Board of Directors

NAME SURNAME	POSITION	CURRENT POSITIONS HELD OUTSIDE THE COMPANY	INDEPENDENT BOD MEMBER?	COMMITTEES AND POSITION
Rahmi M. Koç	Honorary Chairman	BoD Member in companies within and outside the Group, Member and Chief of Committee in companies within the Group	Not independent Member	Executive Committee Member
Mustafa V. Koç	Chairman	BoD Member in companies within and outside the Group Member and Chief of Committee in companies within the Group	Not independent Member	Executive Committee Chairman
Temel K. Atay	Vice-Chairman	BoD Member in companies Member and Chief of Committee in companies within the Group within the Group	Not independent Member	Executive Committee Member; Risk Management Committee Member
Ömer M. Koç	Vice-Chairman	BoD Member in companies within the Group Member and Chief of Committee in companies within the Group	Not independent Member	Executive Committee Member
Semahat S. Arsel	Member	BoD Member in companies within the Group Member and Chief of Committee in companies within the Group	Not independent Member	Executive Committee Member
Dr. Bülent Bulgurlu	Member	BoD Member in companies within the Group Member and Chief of Committee in companies within the Group	Not independent Member	Corporate Governance Committee Member; Nomination and Remuneration Committee Member
İnan Kıraç	Member	BoD Member in companies within and outside the Group	Not independent Member	
Ali Y. Koç	Member	BoD Member in companies within the Group Member and Chief of Committee in companies within the Group	Not independent Member	Executive Committee Member
John H. McArthur	Member	BoD Member in companies outside the Group, University Faculty Member	Not independent Member	
Heinrich V. Pierer	Member	BoD Member in companies outside the Group,	Not independent Member	
Peter Denis Sutherland	Member	BoD Member in companies outside the Group,	Independent Member	Audit Committee Chairman
Dr. Kwok King Victor Fung	Member	BoD Member in companies outside the Group,	Independent Member	
Muharrem Hilmi Kayhan	Member	Söktaş Tekstil ve Ticaret A.Ş. Chairman of BoD	Independent Member	Audit Committee Member; Risk Management Committee Chairman; Nomination and Remuneration Committee Chairman
Kutsan Çelebican	Member	Consultant, Independent BoD Member at Arçelik A.Ş. and Tüpraş A.Ş. Member and Chief of Committee in companies within the Group	Independent Member	Audit Committee Member; Corporate Governance Committee Chairman
Mustafa Kemal Olgaç	Member	BoD member in companies outside the Group	Independent Member	

The CVs of BoD Members and CEO can be found on our website and in our annual report. (See page 124-126)

The duties of the BoD Chairman and CEO are performed by two different persons. Attention is paid to the allotment of enough time BoD members need for corporate business; there are no restrictions for BoD members on assuming other positions or duties outside the Company. Such a restriction is not deemed necessary as the business and sectorial experience of BoD members makes a vital contribution to the BoD. Prior to the General Assembly, the CVs of the BoD Independent Members and the positions they held outside the Company are provided to shareholders.

All of the five the independent member candidates' candidacy declarations and CVs submitted prior to the General Assembly held on 2 April 2014 were reviewed by the Corporate Governance Committee on its meeting at 29th of January, 2014 and by the Board of Directors on its meeting at 31st of January 2014, and decisions were made to appoint 5 Independent Board Members.

The criteria specified in the CMB Corporate Governance Principles that the Independent Board Member candidates did not fully meet were specified in the independence declarations of the candidates. Upon receiving a favorable judgment from the CMB, an election was held at the General Assembly. Due to failure to comply with the relevant provision of the Corporate Governance regulations of CMB, that requires at least half of the Independent Members of the Board of Directors to reside in Turkey as per the Income Tax Law, an approval has been obtained from CMB at 24 February 2014 that allowed Peter Denis Sutherland to become an independent member for a period of one year only.

Upon the resignation of Mr. Sanford I. Weill on the 22nd of September 2014, Corporate Governance Committee evaluated Mr. Mustafa Kemal Olgaç's statement for candidacy and his résumé at the meeting held on the 30th of September 2014, and presented a proposal to the Board of Directors for him to be nominated as an Independent Member of the Board of Directors. As a result of the evaluation made by the Board of Directors, the proposal was accepted and a request was made to the CMB for consent. Subsequent to the consent of the CMB, Mr. Mustafa Kemal Olgaç was appointed as an Independent Member of the Board of directors on the 20th of October 2014. With this appointment, the provision in CMB's Corporate Governance regulations – stipulating that at least half of the independent members of the Board of Directors must be resident in Turkey according to Income Tax Law – was met.

All of the BoD independent Members submitted their independence declarations to the Corporate Governance Committee and no condition eliminating independence appeared during the 2014 activity period.

We believe that creating diversity in terms of knowhow, experience and point of view within our Board of Directors, will have positive impacts on the Company activities and on the effective working of the Board of Directors. In this regard, our evaluations continue to determine a target ratio and timing for female members of the Board of Directors who contribute to representation of different opinions in the Board of Directors.

5.2. BoD Operating Principles

The agenda for Board meetings is determined through notification of Executive Management and BoD members by the related departments about the issues which the Company's Articles of Association exclusively requires discussion and decision at BoD level. In the event that any one of the members of the BoD notifies Company Executive Management about a decision that must be taken about a certain matter, the agenda of the meeting is drawn up accordingly. Matters that are to be discussed at the Company's BoD meeting are collected at the General Secretariat, which consolidates and places them on the agenda.

General Secretariat has been assigned the duties of determining the agenda for the Koç Holding BoD Meetings, preparing Board decisions within the scope of the provisions of TCC 390/IV, making disclosures to the BoD and ensuring the flow of communication.

The BoD meets as many times as business dictates. At the meetings held in 2014, the Board made 36 decisions, four of which were during meetings at which strategic issues were discussed. At least two Independent Members attended all of the meetings. For decisions involving participation in a company or sale of existing shares, a majority of Independent Members were present.

Every member has one vote at BoD meetings; differences of opinion and grounds for opposing votes and specific questions raised by Members of the BoD at Board Meetings are recorded in the Resolution Book. Since no opposition or difference of opinion has been declared recently, no public announcement has been made in this regard.

The Articles of Association of the Company stipulate that BoD decisions be made according to general provisions concerning meetings and decisions; however, a majority quorum is required for any decision regarding participation in a new company or the disposal of shares of an existing subsidiary. In these kinds of decisions, the following quorums must be met: 7 on 9-Member Boards, 8 on 10-Member Boards, 9 on 11, 12 and 13-Member Boards, 10 on 14-Member Boards, and 11 on 15-Member Boards.

Corporate Governance Compliance Report

Board Members and Senior Executives of our Company are covered by a "Directors and Officers Liability Insurance" policy.

While monitoring the Company activities, the Board of Directors evaluates whether there is a possibility of developing a conflict of interest or not and, if so, estimates the results of this conflict of interest for the Company and takes necessary decisions to ensure that most appropriate action for Company interests is taken. Furthermore, in related party transactions, the Board of Directors evaluates the possible risks of misconduct besides compliance with legal regulations and determined regulations. Related party transactions are evaluated with scrutiny in the Board of Directors.

5.3. Number, Structure and Independence of BoD Committees

Our Company has established committees to enable the BoD to perform its functions and meet its responsibilities fully. The activities of these committees are conducted under specified procedures. The decisions they reach are submitted to the BoD, where an ultimate decision is made. Members who serve on more than one committee facilitate communication and increase the opportunities for cooperation between committees handling related subjects.

BoD declares that the committees had provided the expected contributions.

Audit Committee

Established by a BoD decision on 4 April 2003, the Audit Committee fulfills the functions stipulated in the Capital Market Regulations for Audit Committee.

The Company BoD decided on 03 April 2014 that the Audit Committee shall consist of three Independent Members, with Peter Denis Sutherland as Chairman, and Muharrem Kayhan and Kutsan Çelebican as members.

In 2014, the Committee, the operating principles of which are posted on our Company's website, submitted to the BoD a written report of its views on the choice of independent auditor, its assessments of annual and interim financial statements in terms of their truth, accuracy, and compliance with the accounting principles adopted by the Company.

Corporate Governance Committee

The Corporate Governance Committee was established by the BoD on 29 March 2007 to monitor the Company's compliance with the Corporate Governance Principles. The Committee examines the reasons for cases of no implementation of some of the principles and it makes recommendations to the BoD for the improvement of practices. The BoD resolved on 03 April 2014 that the Corporate Governance Committee shall consist of two members and decided to appoint the Independent Member Kutsan Çelebican as its Chairperson and Bülent Bulgurlu as the member. Considering the amendment made to the Corporate Governance Communiqué; CFO Ahmet F. Ashaboğlu was appointed to the Corporate Governance Committee with the Board of Directors decision taken on the 26th of June 2014.
The Company has posted the Committee's operating principles on our website. The Committee evaluates Corporate Government Practices and the Corporate Governance Compliance Report.

Nomination and Remuneration Committee

The BoD decided on 17 July 2012 to create a Nomination and Remuneration Committee to be responsible for nominating people for BoD membership and determining BoD's and senior managers' remuneration according to CMB Corporate Governance Principles. The BoD also decided on 03 April 2014 that the Committee shall consist of two members, with Independent Member Muharrem Hilmi Kayhan as chairman and Dr. Bülent Bulgurlu as member. The Company has posted the Committee's operating principles on our website. The Committee convenes at least twice a year.

Risk Management Committee

The BoD decided on 17 July 2012 to create a Risk Management Committee to comply with Article 378 of Turkish Commercial Code No. 6102, which went into effect in July 2012, and to facilitate the effective operation of committees set up under the BoD through the early detection of risks to the Company's assets, development or existence, to implement the measures necessary to deal with identified risks, and to manage risk. The BoD also decided on 03 April 2014 that the Committee shall consist of two members with Independent Member Muharrem Hilmi Kayhan as Chairman and Temel K. Atay as member. The Company has posted the Committee's operating principles on our website. The Committee convenes at least six times a year.

Executive Committee

The BoD created its Executive Committee on 15 May 2012 to provide effective coordination between the BoD and other administrative units of the Company and thereby enhance the efficacy of the BoD, and to steer investments toward more appropriate strategic goals and to improve business development. At the BoD meeting held on 03 April 2014, Rahmi M. Koç, Mustafa V. Koç, Semahat S. Arsel, Ömer M. Koç, Ali Y. Koç and Temel K. Atay and A. Ümit Taftalı - were elected as Committee members.

The Company has posted the Committee's operating principles on our website. The Committee convenes regularly at least once a month. The BoD is not always able to meet when it wants to or as often as it would like, so one of the functions of the Executive Committee is to monitor developments in the Company's sectors of operation and to keep the BoD informed of them. Another of its functions is providing coordination between the administrative structure of the Company and the BoD. It also makes recommendations for developing appropriate Company strategies and increasing the effectiveness of its operations.

5.4. Risk Management and Audit Mechanism

Risk Management and Reporting at Koç Holding is conducted under the Finance Department in coordination with other departments. Risks are investigated through periodically prepared reports and meetings and they are evaluated in detail. The main risks to which Koç Holding is exposed are monitored under four main headings: financial (foreign exchange, liquidity and capital, credit, counterparty and interest risks), strategic, operational and legal; information on these risks is supplied periodically to the Risk Management Committee and the BoD. Detailed information about risk management is contained in the relevant section of the annual report.

5.5. Company Strategic Goals

Koç Holding BoD manages and represents the Company through its strategic decisions, taking into consideration particularly long-term interests in light of keeping the Company's risk-growth-profits balance at the most appropriate level through a rational and cautious risk management approach. Our BoD determines Koç Holding's strategic goals, identifies the human and financial resources needed to achieve them, and oversees the performance of management.

The BoD, through the strategic meetings it holds four times a year, compares the Holding's quarterly financial performance with the budget, monitors strategic developments and develops new strategies and makes investment decisions taking into account the management's recommendations. Besides evaluating financial and operational indicators, in its end-of-year performance evaluation, the BoD assesses the extent to which the company's strategies have been implemented, thereby forming a basis for determining performance and rewards/ penalties.

5.6. Financial Rights

The "Remuneration Policy for BoD Members and Senior Managers," which contains the remuneration principles and the criteria used in determining every right, benefit and remuneration given to BoD Members and Senior Managers, was posted on our website for inspection by our shareholders through the "Disclosure Note," published three weeks before the Ordinary General Assembly held on 02 April 2014, and was implemented after the General Assembly. The policy that was publicly announced on our Company website and in the Annual Report, is added to the agenda of the Ordinary General Assembly Meeting that will be held on the 31st of March 2015 to discuss the activities of 2014 so that our shareholders will be given the opportunity to present their opinions on the Policy. The total payments made within the framework of the "Remuneration Policy for BoD Members and Senior Managers" are assessed every year by the Nomination and Remuneration Committee and the BoD. The remuneration of the members of the Board of Directors and managers who have administrative responsibilities is disclosed on a non-individual basis - in parallel to the general practices - at the footnotes of our financial statements and at the general assembly meetings. Koç Holding does not get involved in transactions that might lead to conflicts of interest such as extending loans to members of the BoD or executives, or providing collateral on their behalf.

Board of Directors

Rahmi M. Koç, Honorary Chairman

A graduate of Johns Hopkins University in Business Administration, he joined Koç Group in 1958 at Otokoç and held various senior positions at Koç Holding. He became Chairman of the Management Committee in 1980 and was named Chairman of the Board of Directors of Koç Holding in 1984, a post he held until 2003 when he became the Honorary Chairman. He was the President of the International Chamber of Commerce between 1995 and 1996. In addition to his role as Koç Holding Honorary Chairman, Rahmi M. Koç also serves as Vice Chairman of the Board of Trustees of Vehbi Koç Foundation, Chairman of the Board of Trustees of Koç University, Founder and Chairman of the Board of Directors of Rahmi M. Koç Museum and Cultural Foundation, Chairman of the Board of Directors of Vehbi Koç Foundation American Hospital, Honorary Chairman and Founder of TURMEPA (Turkish Marine and Environment Protection Association), Honorary President of the High Advisory Council of Turkish Industrialists' and Businessmen's Association, Member of the Advisory Board of the Turkish Employers Association, Honorary Member of the Foreign Policy Association, Honorary Member of the NY Metropolitan Museum Board of Trustees and Founder Member of Global Relations Forum.

Mustafa V. Koç, Chairman

Mustafa V. Koç graduated with a B.A. degree in Business Administration from George Washington University in 1984. At the same year, he joined Koç Group in Tofaş and later he served as the Sales Manager and Assistant General Manager of Ram Dış Ticaret. In 1992, he moved to Koç Holding and served as Vice President and President of various business groups. He became a member of the Board of Directors in 2001 and Vice Chairman in 2002. He has been Chairman of Koç Holding Board of Directors since 2003. Mr. Koç is Honorary Chairman of the Turkish Industrialists and Businessmen's High Advisory Council. He is also a member of the Rolls Royce International Advisory Board, the JP Morgan International Council, the Global Advisory Board of the Council on Foreign Affairs, and the Steering Committee of the Bilderberg Meetings. Mr. Koç was awarded the Cavaliere d'Industria medal by the Government of Italy in 2005 and the International Leonardo Prize, known as the "Oscar of Business" in 2012. Mr. Koç is also a member of the Board of Vehbi Koç Foundation and Board of Trustees of Turkish Volunteers for Education Foundation, which are his family's philanthropic foundations. His family attaches great importance to the economic and social development, whose excellence has been recognized internationally by, among others, the World Monuments Fund, the Carnegie Foundation, and BNP Paribas.

Temel K. Atay, Vice Chairman

A graduate of Mechanical Engineering from Istanbul Technical University, he holds an MBA degree from Wayne State University. He joined Koç Group in 1966 and later served as the General Manager of Otoyol Sanayi A.Ş. and Tofaş Türk Otomobil Fabrikası A.Ş. After working in various senior management posts at Koç Holding, he served as the CEO between 2000 and 2001. He has been a member of the Board of Directors since 1996 and was named Vice Chairman in 1998.

Ömer M. Koç, Vice Chairman

He received his B.A. degree from Columbia University in 1985. He worked at Kofisa Trading for one year. After completing his MBA at Columbia University in 1989, he worked at Ramerica International Inc. He joined Koç Group in 1990 and worked at Gazal A.Ş. He held various senior positions at Koç Holding including Finance Coordinator, Vice President and President of Energy Group. He has been a Member of Koç Holding Board of Directors since 2004 and Vice Chairman since May 2008. He is also the President of the Turkish Educational Foundation and Geyre Foundation and Chairman of Yapı Kredi Kültür Sanat Yayıncılık Board of Directors and Tüpraş Board of Directors.

Semahat S. Arsel, Member

She began her career in 1964 as a member of Koç Holding Board of Directors, a position she continues to hold. In addition, she is the Chairman of the Board of Directors of Vehbi Koç Foundation, Chairman of the Divan Group Board of Directors, Chairman of Semahat Arsel Nursing Education and Research Center and Second Chairman of Florence Nightingale Foundation. She is also the founder of Koç University School of Nursing.

İnan Kıraç, Member

A graduate of City College of Business in London, he joined Koç Group in 1961. He served as General Manager of Tofaş Oto Ticaret A.Ş., Tofaş Group President and President of Automotive Companies prior to his appointment as Koç Holding CEO between 1994 and 1998. In 1998, with his close friends, he founded Kıraça Group of Companies and he has been serving as the Chairman of the Board of Directors. He has been a member of Koç Holding Board of Directors since 1993.

Ali Y. Koç, Member

He graduated from Rice University in Business Administration and completed his MBA degree at Harvard Business School. He attended the American Express Bank Management Trainee program between 1990 and 1991 and worked as an analyst at Morgan Stanley Investment Bank between 1992 and 1994. He held various senior positions at Koç Holding such as the New Business Development Coordinator and President of the Information Technology Group between 1997 and 2006. He was the President of the Corporate Communications and Information Technology Group between 2006 and 2010. He was appointed as a member of Koç Holding Board of Directors on January 30, 2008.

Dr. Bülent Bulgurlu, Member

He graduated from Ankara Engineering and Architectural Faculty and earned his Ph.D. from Norwegian University of Science and Technology (NTNU). He started his career in 1972 as a Construction Engineer at Elliot Strömme A/S in Oslo. He joined Garanti İnşaat in 1977 as Construction Engineer and worked as Planning and Construction Manager, Site Coordination and Construction Manager, Assistant General Manager, General Manager and Executive Director at Garanti-Koza. He has worked at Koç Holding since 1996 as President of Tourism and Services Group, President of Tourism and Construction Group and President of Consumer Durables and Construction Group. He was Koç Holding CEO between May 2007 and April 2010. He is a Member of Koç Holding Board of Directors since May 2007. He is also a member of the Turkish Industrialists' and Businessmen's Association, TURMEPA (Turkish Marine and Environment Protection Association).

Prof. Dr. John H. McArthur, O.C., Member
He graduated from the University of British Columbia and received his MBA and doctorate from the Harvard Business School. He became a professor at the Harvard Business School in 1962 and served as Dean between 1980 and 1995. He currently chairs the Asia Pacific Foundation of Canada and is a member of the Board of Directors of Duke University Health Systems, Stemnion, Inc., Aileron Therapeutics, and the Thomson Reuters Founders Share Co. Ltd. For many years, he served as Chair of the Brigham and Women's Hospital and, following its merger with the Massachusetts General Hospital, was the founding co-chair of the Board of Partners HealthCare System, Inc. He has also served on the boards of Chase Manhattan Corporation, Bell Canada, GlaxoSmithKline PLC, and the AES Corporation. In 2013 he was made an Officer of the Order of Canada. John H. McArthur has been a member of Koç Holding Board of Directors since 1999.

Prof. Dr. Heinrich V. Pierer, Member
He studied Law and Economics at the Friedrich Alexander University Erlangen-Nuremberg. He joined Siemens AG in 1969 and held various senior positions in the company. He was the Chief Executive Officer of Siemens AG between 1992 and 2005 and the Chairman of the Supervisory Board of Siemens AG between 2005 and 2007. He served as Chairman of the Asia-Pacific Committee of German Business between 1993 and 2006. Prof. Dr. Heinrich V. Pierer is an Honorary Professor at the Friedrich Alexander University Erlangen-Nuremberg, Department of Law and Economics. He has been a member of Koç Holding Board of Directors since 2008.

Peter Denis Sutherland, Independent Member
He received education at Gonzaga College, University College Dublin and the King's Inns and graduated in Civil Law. He served as Attorney General of Ireland (1981-1984), EC Commissioner responsible for Competition Policy (1985-1989), Director General of The World Trade Organization (1993-1995), Chairman of BP p.l.c. (1997-2009) and Chairman of London School of Economics (2008-2015). Mr. Sutherland is Chairman of Goldman Sachs Intl. (1995 - current) and the UN Special Representative for Migration and Development. His other associations include Allianz BoD, BW Group Ltd. BoD, Eli Lilly Advisory Board, Trilateral Commission (Europe) and The Federal Trust. He has received fifteen honorary doctorates from universities in Europe and America and has many awards and publications. Peter Denis Sutherland has been a member of the Board of Directors since 2009.

Kwok King Victor Fung, Independent Member
He received his bachelor and Master's degrees in Electrical Engineering from the Massachusetts Institute of Technology, and a doctorate in Business Economics from Harvard University. He was the Chairman of the Hong Kong Trade Development Council (1991-2000), the Hong Kong representative on the APEC Business Advisory Council (1996-2003), Chairman of the Hong Kong Airport Authority (1999-2008), Chairman of The Council of The University of Hong Kong (2001-2009), Chairman of the Greater Pearl River Delta Business Council (2004 to February 2013), Chairman (July 2008-June 2010) and Honorary Chairman (July 2010-June 2013) of the International Chamber of Commerce, a member of WTO Panel on Defining the Future of Trade (2012-2013) and a vice chairman of China Centre for International Economic Exchanges. Dr. Fung is the Group Chairman of the Fung Group (formerly known as the Li & Fung Group), a Hong Kong-based multinational which comprises major subsidiaries in trading, logistics, distribution and retailing. They include publicly-listed Li & Fung Limited, Global Brands Group Holding Limited, Convenience Retail Asia Limited and Trinity Limited. Dr Fung is Founding Chairman of the Fung Global Institute, an independent, non-profit think-tank based in Hong Kong. He is also a member of the Chinese People's Political Consultative Conference, a member of the Economic Development Commission of the Hong Kong Government and Chairman of the Steering Committee on the Hong Kong Scholarship for Excellence Scheme from September 2014. Dr. Fung is an independent non-executive Director of Chow Tai Fook Jewellery Group Limited in Hong Kong, and China Petrochemical Corporation in the People's Republic of China. He is also Chairman of the Asia Advisory Board of Prudential Financial, Inc (USA). He was awarded the Gold Bauhinia Star in 2003 and Grand Bauhinia Medal in 2010 for distinguished service to the community. Kwok Victor Fung has been a member of the Board of Directors since 2011.

Muharrem Hilmi Kayhan, Independent Member
Muharrem Kayhan received education at St. Joseph French School and Robert College of Istanbul. He got his Engineering Degree in Textiles in 1976 from the University of Manchester in England. He received his MBA from Cornell University in 1978. Muharrem Kayhan is presently Chairman of the Board of Söktaş. He has represented the interests of the Turkish textile industry in various European Union platforms while serving on the boards of the Aegean Chamber of Industry, the Exporters' Union, and the Turkish Textile Employers' Union. He has served as the Chairman of TÜSİAD (Turkish Industrialists' and Businessmen's Association) between 1997 and 1999, and is now one of its Honorary Chairman. Muharrem Kayhan serves on the Board of Trustees of Robert College, and the Izmir Culture, Art and Education Foundation. He represents Spain as Honorary Consul in İzmir since 2003. He is the recipient of the Turkish National Assembly Distinguished Service Award (2009). Muharrem Hilmi Kayhan, has been a member of the Board of Directors since 2012.

Kutsan Çelebican, Independent Member
He graduated from Ankara University School of Political Science. He began his career at the Ministry of Finance Tax Auditors Board in 1969, served as Deputy General Director at the General Directorate of Treasury of the Ministry of Finance between 1979 and 1982, and was appointed as Assistant to Executive Director in the World Bank (IBRD). He joined the Koç Group in 1987 and served as Finance Coordinator, Vice President and President of the Finance Group. He retired from Koç Group as of December 2001. He currently manages his own financial consulting company. Kutsan Çelebican has been a member of the Board of Directors since 2013.

Mustafa Kemal Olgaç, Independent Member
He graduated from Boğaziçi University in Mechanical Engineering and completed two master degrees at Galler University Controlling Engineering and Edinburgh University Fire Engineering. He started his career in 1977 at Koç Allianz Sigorta A.Ş. He worked as General Manager in Koç Allianz Hayat ve Emeklilik A.Ş. between 1991 and 2006, as CEO of Allianz Turkey between 2001 and 2006, as member of Board of Directors of Allianz Sigorta A.Ş. and Allianz Hayat ve Emeklilik A.Ş.; and as Chairman of Magdeburger Insurance between 2001 and 2014. He served as member of Turkey Insurance Association, as Chairman of Turkish Insurance Institute Foundation, as member of YASED International Investors Association, as member and Chairman of EGM Pension Monitoring Center. He is also Chairman of Board of Directors of Allianz Global Assistance Turkey and Akasya Bakım ve Yaşam Merkezi A.Ş.; and independent member of Avicennia Capital Sdn Bhd (subsidiary of Khazanah group which is strategic investment fund of Malaysian government) and Acıbadem Sağlık ve Hayat Sigorta A.Ş. He is a member of TÜSİAD and 1907 Fenerbahçe Association. Mustafa Kemal Olgaç, has been a member of the Board of Directors in 2014.

Executive Management

Osman Turgay Durak, CEO
He completed his undergraduate and graduate degrees at Northwestern University in Mechanical Engineering, joining Koç Group in 1976 at Ford Otomotiv as Design Engineer for product development. He was appointed as Assistant General Manager in 1986, became Deputy General Manager in 2000 and General Manager of Ford Otosan in 2002. He served as the President of Automotive Group at Koç Holding between 2007 and 2009. Durak was appointed Koç Holding's Deputy CEO in May 2009 and became CEO and Board Member in April 2010. He was the Chairman of the Board of Directors of Automotive Manufacturers' Association between 2004 and 2010. He served as an Istanbul Chamber of Industry's Council Member for 2.5 years and as a Board Member for 1 year. He has been a Member of National Committee of International Chamber of Commerce since February 2014.

Ali Tarık Uzun, President, Audit Group
He graduated from Ankara University in Faculty of Political Science with a B.A. in Economics in 1985 and earned his MBA degree from Koç University in 1995. He has been a member of TÜSİAD, Turmepa (Turkish Marine and Environment Protection Association) and Mulkiyeliler Union. He started his career in 1985 as an Account Specialist at the Ministry of Finance, joining Koç Holding in 1992 as Assistant Coordinator of Financial Affairs in the Audit and Finance Group. He served as Coordinator between 1969 and 2003 and has been serving as the President of Audit Group at Koç Holding since 2004. He is a member of TÜSİAD (Turkish Industrialists' and Businessmen's Association), TURMEPA (Turkish Marine and Environment Protection Association) and Alumni Association of Ankara University Faculty of Political Science.

Tamer Haşimoğlu, President, Tourism, Food and Retailing Group
He graduated from Istanbul Technical University in Mechanical Engineering and earned a master's degree in International Business from Istanbul University Institute of Business Administration and Economics. He started his career in 1989 at Koç Holding as a Management Trainee in the Planning Department and later became Specialist, Manager and Coordinator of the Strategic Planning Department. He was appointed Koç Holding Strategic Planning Group Acting President in January 2004 and he served as the President of Strategic Planning Group between May 2004 and April 2011. He has been serving as the President of Tourism, Food and Retailing Group at Koç Holding since April 2011. He has also been serving as a Board member of some Koç Group companies. In addition, he has been a Vice Chairman of YASED, member of TÜSİAD, member of the Board of Tourism Investors' Organization and member of the Board of Trustees of HEV.

Erol Memioğlu, President, Energy Group
He graduated from Middle East Technical University in Petroleum Engineering and started his career in 1979 at Turkish Petroleum Corporation (TPAO), as Specialist Engineer and served as Production Manager and Head of the Production and Overseas Projects Group. He joined Koç Holding in 1999 as Vice President of Energy Group. Between 2003 and 2004, he was an Executive Member of Koç Holding Board of Directors, responsible for the operations of the Energy Group. He has been serving as the President of Energy Group at Koç Holding since May 2004.

Kudret Önen, President, Defense Industry, Other Automotive and IT Group
He graduated from Gazi University in Mechanical Engineering and joined Koç Holding in 1975 at Ford Otosan. In 1980, he became R&D Department Manager at Koç Holding and was appointed as the Assistant General Manager of Otokar in 1984. He served as the General Manager of Otokar between 1994 and 2005 and was appointed Co-President of Koç Holding Other Automotive Companies Group in 2005. He was the President of Defense Industry and Other Automotive Group at Koç Holding between 2006 and 2010. He has been serving as the President of Defense Industry, Other Automotive and IT Group at Koç Holding since 2010. In addition, he has been serving as the President of Automotive Manufacturers Association since 2010 and the Chairman of Defense and Aerospace Industry Manufacturers Association for the 2013-2014 periods. He has been a member of Turkish Employers' Association of Metal Industries (MESS) and Turkish Confederation of Employer Associations (TİSK) since 2014.

Ahmet Ashaboğlu, CFO (President, Finance and Strategic Planning Group)
He graduated from Tufts University and earned a master's degree from Massachusetts Institute of Technology (MIT) in Mechanical Engineering. In 1994, he began his career as a Research Assistant at MIT, held various positions at UBS Warburg between 1996 and 1999 and worked as Management Consultant at McKinsey & Company, New York, between 1999 and 2003. He joined Koç Holding as Finance Group Coordinator in 2003. He has been serving as the CFO at Koç Holding since 2006.

Cenk Çimen, President, Automotive Group
He graduated from Istanbul Technical University in Industrial Engineering and completed Executive Development Programs at Stanford University (USA) and University of California Los Angeles (USA). He joined Koç Group in 1991 as Management Trainee at Nasoto. He assumed Sales Coordinator, Regional Manager and Import Manager responsibilities at Otosan Pazarlama between 1993 and

1996. He served as Fleet Sales Manager at Ford Otosan between 1996 and 1998 and became the General Manager of Otokoç Ankara in 1998. In 2001, he was appointed as the General Manager of the companies merged under Otokoç. In 2005 his responsibility was extended to include the General Manager role for Birmot A.Ş., also assuming responsibility for Avis car rental. He has been serving as the President of Automotive Group at Koç Holding since June 2009.

Levent Çakıroğlu, President, Consumer Durables Group
He graduated from Ankara University School of Political Science in Business Administration and completed his MBA at the University of Illinois. He began his career at the Ministry of Finance as junior accountant in 1988. Between 1997 and 1998, he worked as part-time lecturer at Bilkent University and as Vice President of Financial Crimes Investigation Board at Ministry of Finance. He joined Koç Holding in 1998 as Finance Group Coordinator. He was the CEO of Koçtaş between 2002 and 2007 and Migros between 2007 and 2008. After becoming the CEO of Arçelik in 2008, he was also appointed as the President of Consumer Durables Group at Koç Holding in April 2010.

Faik Açıkalın, President, Banking and Insurance Group
After earning a BS degree in Business Administration from Middle East Technical University, Faik Açıkalın began his banking career in 1987 as a Management Trainee at Interbank. He subsequently worked in various positions including Internal Auditor, Relationship Manager, Branch Manager and Marketing Manager at Interbank, Marmarabank, Kentbank, Finansbank and Demirbank between 1992-1998. In May 1998, he joined Dışbank as Executive Vice President. Later that year, he was appointed Chief Operating Officer (COO) responsible for the coordination and communication between the Board of Directors and business units. He also assumed the position as a member of the Credit Committee. In June 1999, Açıkalın was appointed Deputy President and Member of the Board of Directors. In December 2000, he became President of Dışbank. Following the acquisition of the majority shares of Dışbank by Fortis, he continued to serve as President and Deputy CEO of the Bank and member of the Fortis Global Management Committee in Brussels. In October 2007, he resigned from his duties at Fortis and became CEO at Doğan Gazetecilik. In April 2009, Açıkalın was appointed as Executive Director and Chairman of the Executive Committee of Yapı Kredi. Serving as Yapı Kredi's CEO since May 2009, in 2010 he was also appointed as CEO of Koç Financial Services. In addition to his current role, in August 2011, Açıkalın became the President of Koç Holding's Banking and Insurance Group. In addition, he has been serving as the Chairman of Yapı Kredi's Subsidiaries and Koç Finansman, as the Vice Chairman of Allianz Yaşam ve Emeklilik and as the member of the Banks Association of Turkey.

Kenan Yılmaz, Chief Legal Advisor
Yılmaz Graduated from Istanbul University, Faculty of Law in 1983 and in 1984'de became a member of the Bar Association in Istanbul in 1984. He received a Master's Degree in International Trade from New Orleans Tulane University, Faculty of Law and an Executive MBA degree from Koç University. He started his career in 1989 as legal advisor in Koç Holding. Between 2000-2006 he continued his job as the assistant chief legal advisor. Since 2006, has been working as the Chief Legal Advisor of Koç Holding. Mr. Yılmaz is a founding member of Turkish Center for Ethical Values Foundation and founding member and vice chairman of the board of directors of Turkish Institute of Nautical Archeology (TINA) and vice chairman of the board of directors of Koç Holding Pension and Support Fund Foundation, and a member of TÜSİAD and of Koç University Alumni Association.

Oya Ünlü Kızıl, Corporate Communication and External Relations Director
After receiving her bachelor's degree in Business Administration from the Middle East Technical University, Kızıl started her career in 1992 as a specialist in the "Republic Of Turkey Prime Ministry Privatization Administration". Kızıl received a Master's degree in International Business Administration from George Washington University in 1997, and then worked in Washington DC for 5 years as a Portfolio Director of Middle East and North Africa in the World Bank. In 2001, she became the Chief Advisor of the Prime Minister in the Ministry of Economy and worked for two years. In 2003, she started working for Koç Holding as a CEO Advisor. Kızıl continues her career as the Corporate Communication and External Relations Director. In 2008, she was selected as "World Fellow" by Yale University in 2008 and received leadership training in this program. Kızıl is a member of TUSİAD and a member of the Board of Directors of İstanbul Foundation for Culture & Arts (İKSV), Sustainable Development Association (SKD), Education Reform Initiative (ERG), Turkish Family Health and Planning Foundation (TAPV).

Özgür Burak Akkol, Human Resources Director
After receiving his bachelor's degree in Industrial Engineering from İstanbul Technical University, Akkol completed the Executive MBA program and received a Master's Degree from Koç University in 2011. As he continued his professional career, he successfully graduated from Harvard Business School and Columbia University completing the "Executive Development" and "Leadership Education" programs. Akkol started his career in 2001 in the USA, as a Production and Productivity specialist in Nautilus Foods. After working abroad, Akkol returned to Turkey and started working for Koç Holding in 2003, as a Human Resources Assistant Specialist. He worked as a Human Resources Specialist between 2004-2005, and as an Audit Specialist and Senior Audit Specialist between 2005-2009. Akkol then worked as a System Development and Human Resources Director between 2009-2010, and as a System Development and Human Resources Director Coordinator between 2010-2014. Since April 2014, he has been working as the Koç Holding Human Resources Director.

Risk Management

Since its foundation, Koç Group has achieved long-term success through its cautious and robust approach toward risk management. In the future, it will reinforce its awareness of risk, transparency and financial discipline and conduct proactive risk management. Towards this end, Koç Holding uses sophisticated risk assessment, modeling, reporting, and capital allocation techniques. These processes boost transparency and encourage the application of a more systematic approach to risk assessment in investment and business decisions at all levels.

At Koç Group, risks are managed with the oversight of the Board of Directors, in coordination with all Group presidents. Koç Holding's Risk Management function was established to further develop the Group's risk policies, limits and review mechanisms. This risk management function leverages the risk infrastructures in each of the Company's businesses, which have adopted an approach that is aligned with the Group's overall risk policies and limits.

Risks identified through risk management processes are prioritized depending on their probability and impact. It is ensured that most important risks are within the responsibilities of business leaders at Company and/or Group level. In the management of risks, the Company has general response strategies that identify categories according to whether it will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable tolerance levels set by the Board of Directors.

The major risks that Koç Holding is exposed to are classified under four main categories:

Financial Risks

Financial risks relate to a company's ability to meet its financial obligations and mitigate the effects of market volatility. To keep financial risks under control, a variety of financial indicators, especially Net Financial Debt/EBITDA, Net Foreign Currency Position/Shareholders' Equity, current ratio and the maturity profile of financial liabilities, are monitored, at the Company and Group level on a combined and consolidated basis, and are kept within particular limits. Financial risks are broken down into five main categories:

Foreign Currency Risk: Koç Group keeps its foreign currency exposure within certain limits. As a foreign currency risk management tool, derivative transactions are used when needed.

Liquidity Risk: In accordance with the management of liquidity risk, the Group continues to diversify its funding sources, increase the average duration of its financial liabilities, maintain a sufficient level of cash and cash equivalents and sustain the current ratio above a certain limit in case of a sudden cash need.

Credit Risk: The Company mitigates this risk by conducting credit analysis, setting credit limits and obtaining the maximum degree of guarantee. It also leverages the Group's credit intelligence across different markets using a risk management program (E-risk commercial risk application), which works to minimize the negative impact of market fluctuations.

Interest Rate Risk: In order to manage interest rate risk, Koç Group implements asset liability management and employs certain derivative financial instruments when necessary.

Commodity Price Risk: The Company accepts commodity price risk where they are part of its core business and avoid or reduce exposure where possible through a variety of hedging mechanisms.

Strategic Risks

Strategic risks relate to the demand for the Company's products and services, market regulations as well as factors that affect market share such as competition, technological changes, and consumer trends and product innovation.

The most effective way to reduce risks related to sales is to diversify markets sectorally and geographically. As a long-term risk management strategy, Koç Holding is increasing both its sectoral and geographical diversification. In the short term, macroeconomic and sector specific developments are monitored centrally by the president of each group. Koç Holding's strong presence and diversified business lines in the national economy enables it to recognize market changes early and take rapid and coordinated measures.

Operational Risks

Operational risks include incidents that effect the Company's operations such as earthquakes, fires and environmental accidents, as well as the integrity of its internal systems and processes. Insurable risks are frequently re-assessed and transferred out of the Group based on a cost-benefit analysis. To ensure the proper functioning of internal systems and processes, the Audit Group Presidency operates under the Chairman of the Board of Directors in accordance with the principle of separating execution and audit tasks. The Audit group Presidency performs risk and fraud audit of financial and operational processes at Koç Group companies.

Legal Risks

Koç Holding has developed various systems against potential legal risks. These systems, which form an online database developed for the purpose of early warning, include the intellectual property rights management program (mari@a sistem) the legal compliance test (HUY) and contract management system (LERİMAN).

Risk Management Committee Activities

In 2012, a Risk Management Committee was set up for the purpose of ensuring compliance with Article 378 of the Turkish Commercial Code, which went into effect on 1 July 2012, and the effective operations of the committees working under the Board of Directors, implementing all measures deemed necessary for early detection of risks and managing those risks. Independent Board of Directors member Muharrem Hilmi Kayhan was appointed Chairman of the Risk Management Committee, a position he still holds. The other Committee member is Temel Kamil Atay, a member of the Board of Directors.

The Committee held six meetings in 2014. It has evaluated the Koç Holding Risk Management System and the principles of risk reporting, and analyzed the risk reports prepared within this framework, as well as making recommendations for measures to be taken to address matters that do not conform to designated limits in the Risk Management System.

It also reviews the Risk Management System and monitors whether the departments which assume the management of risks act in compliance with the resolutions of the Committee. Reports and committee assessments are periodically provided to the Board of Directors.

Internal Control System and Audit

Internal Control System and Internal Audit Activities

The objective of the Company's Internal Control System is to ensure operational effectiveness and productivity, financial reporting system reliability and compliance with legal regulations.

The Internal Control System is composed of standard descriptions, job descriptions, authorization processes, policies and written procedures defined in the workflows.

The Internal Control System is periodically reviewed and audited for effectiveness by the Internal Audit Group. Within the organizational structure, the Internal Audit Group directly reports to the Chairman of the Board of Directors to ensure independency.

Audit Information

There is no private or public audit activity finalized in 2014.

Information on Preparation of Consolidated Financial Statements

As a first step, Koç Holding Reporting Unit delivers "Financial Reporting Directives" to Group Companies for the preparation of consolidated financial statements. Once financial data is reported by Group Companies through the Hyperion Koç Reporting Application, the Koç Holding Financial Reporting Unit examines the data whereupon it is transferred to the consolidated financial statements. The consolidated financial statements are audited by the Audit Committee, Internal Audit Group and independent audit company Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (a member firm of Ernst & Young Global Limited).

Koç Holding A.Ş.

Consolidated Financial Statements at 31 December 2014 Together With the Independent Auditors' Report

(Convenience Translation into English of the Independent Auditors' Report and Consolidated Financial Statements Originally Issued in Turkish)

Building a better working world

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(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Koç Holding Anonim Şirketi;

We have audited the accompanying consolidated balance sheet of Koç Holding Anonim Şirketi ("the Company"), its subsidiaries and its joint ventures (together will be referred to as the ''Group") as at 31 December 2014 and the related consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory note.

Management's responsibility for the financial statements

Group's management is responsible for the preparation and fair presentation of financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") and for such internal controls as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and standards on auditing issued by POA. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments; the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Koç Holding Anonim Şirketi, its subsidiaries and its joint ventures as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Other matters

The consolidated financial statements include the accounts of the parent company- Koç Holding- its subsidiaries and its joint ventures. Koç family members allow Koç Holding to exercise the voting power in respect of their shares held in the Group companies or the shares in the Group owned by the companies controlled only by these family members. In the accompanying consolidated financial statements, the equity portion of the shares held by Koç family members are treated as non-controlling interest.

As explained in Note 2.1.3 to the consolidated financial statements, EUR and USD amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira ("TL") , as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 for the consolidated balance sheet; and the official EUR and USD average CBRT bid rates of the year 2014 for the consolidated statement of income, consolidated statement of other comprehensive income and consolidated statement of cash flows, and they do not form part of these consolidated financial statements.

Reports on other responsibilities arising from regulatory requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 3 March 2015.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2014 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors of the Company submitted to us the necessary explanations and provided required documents within the context of audit.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ethem Kutucular, SMMM
Partner

3 March 2015
İstanbul, Türkiye

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2014 (*) EUR'000	2014 (*) USD'000	Audited 2014 TL'000	Audited 2013 TL'000
ASSETS					
Current assets:					
Cash and cash equivalents	5	3.512.543	4.272.643	9.907.831	8.897.078
Trade receivables	8	2.408.004	2.929.086	6.792.258	8.167.354
- Related parties	*8*	*120.625*	*146.727*	*340.246*	*503.779*
- Third parties	*8*	*2.287.379*	*2.782.359*	*6.452.012*	*7.663.575*
Receivables from finance sector operations	9	411.826	500.944	1.161.639	868.437
Derivative instruments	10	33.313	40.521	93.965	47.279
Inventories	11	1.937.770	2.357.095	5.465.868	6.540.179
Other receivables	20	245.256	298.329	691.795	830.519
Other current assets	21	197.970	240.809	558.412	456.238
Assets held for sale	23	54.409	66.183	153.471	49.983
Total current assets		**8.801.091**	**10.705.610**	**24.825.239**	**25.857.067**
Non-current assets:					
Financial assets	6	77.044	93.716	217.319	214.657
Joint Ventures accounted for using the equity method	7	3.875.271	4.713.863	10.930.976	10.050.786
Trade receivables	8	109.016	132.606	307.501	326.011
- Third parties	*8*	*109.016*	*132.606*	*307.501*	*326.011*
Receivables from finance sector operations	9	407.926	496.199	1.150.637	870.881
Derivative instruments	10	7.834	9.529	22.097	19.389
Investment properties	12	84.750	103.090	239.055	86.858
Property, plant and equipment	13	6.393.907	7.777.521	18.035.294	14.872.746
Intangible assets	14	641.496	780.313	1.809.467	1.364.779
Goodwill	15	1.030.119	1.253.033	2.905.658	2.909.169
Deferred tax assets	17	896.308	1.090.265	2.528.216	1.233.434
Other non-current assets	21	343.726	418.107	969.549	984.183
Total non-current assets		**13.867.397**	**16.868.242**	**39.115.769**	**32.932.893**
Total assets		**22.668.488**	**27.573.852**	**63.941.008**	**58.789.960**

(*) Euro ("EUR") and US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

These consolidated financial statements as of and for the year ended 31 December 2014 have been approved for issue by the Board of Directors ("BOD") on 3 March 2015 and signed on behalf of the BOD by the CFO (Chief Financial Officer), Ahmet F. Ashaboğlu and by Accounting Director, Emine Alangoya. These consolidated financial statements will be finalised following their approval in the General Assembly.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2014 (*) EUR'000	2014 (*) USD'000	Audited 2014 TL'000	Audited 2013 TL'000
LIABILITIES					
Current liabilities:					
Short term borrowings	16	483.762	588.446	1.364.548	2.197.243
Short term portion of long term borrowings	16	1.437.637	1.748.736	4.055.144	2.494.843
Trade payables	8	3.239.708	3.940.766	9.138.243	9.978.208
- Related parties	*8*	*236.214*	*287.330*	*666.289*	*850.864*
- Third parties	*8*	*3.003.494*	*3.653.436*	*8.471.954*	*9.127.344*
Other payables	20	593.832	722.334	1.675.021	1.844.381
Derivative instruments	10	1.375	1.673	3.879	21.770
Current income tax liabilities	17	14.356	17.463	40.495	43.859
Provisions	19	250.582	304.807	706.817	904.568
Other current liabilities	21	719.691	875.431	2.030.032	1.690.804
Liabilities related to assets held for sale	23	909	1.106	2.565	6.744
Total current liabilities		**6.741.852**	**8.200.762**	**19.016.744**	**19.182.420**
Non-current liabilities:					
Long term borrowings	16	5.105.540	6.210.357	14.401.198	12.388.597
Derivative instruments	10	174	212	491	51.180
Provisions for employee benefits	18	168.416	204.861	475.052	376.816
Provisions	19	36.038	43.836	101.652	109.006
Deferred tax liabilities	17	148.534	180.676	418.970	324.408
Other non-current liabilities	21	79.921	97.215	225.432	166.940
Total non-current liabilities		**5.538.623**	**6.737.157**	**15.622.795**	**13.416.947**
Total liabilities		**12.280.475**	**14.937.919**	**34.639.539**	**32.599.367**
Equity:					
Paid-in share capital	22	899.031	1.093.578	2.535.898	2.535.898
Adjustment to share capital	22	342.925	417.132	967.288	967.288
Total share capital	22	1.241.956	1.510.710	3.503.186	3.503.186
Share premium		3.292	4.004	9.286	9.286
Other comprehensive income/expense not to be reclassified to profit or loss	22	(9.366)	(11.392)	(26.418)	186
Other comprehensive income/expense to be reclassified to profit or loss	22	18.069	21.979	50.967	(72.950)
Restricted reserves	22	858.180	1.043.885	2.420.668	2.375.553
Prior years' income		4.141.025	5.037.125	11.680.589	9.540.044
Profit for the period		960.806	1.168.720	2.710.145	2.679.713
Equity holders of the parent		7.213.962	8.775.031	20.348.423	18.035.018
Non-controlling interests		3.174.051	3.860.902	8.953.046	8.155.575
Total equity		**10.388.013**	**12.635.933**	**29.301.469**	**26.190.593**
Total liabilities and equity		**22.668.488**	**27.573.852**	**63.941.008**	**58.789.960**
Commitments and contingent liabilities	**32**				

(*) Euro ("EUR") and US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

The accompanying notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2014 (*) EUR'000	2014 (*) USD'000	Audited 2014 TL'000	Audited 2013 TL'000
Revenue	24	23.516.107	31.234.566	68.336.365	65.942.213
Revenue from finance sector operations		98.442	130.753	286.067	239.578
Total revenue	**4**	**23.614.549**	**31.365.319**	**68.622.432**	**66.181.791**
Cost of sales (-)	25	(20.964.237)	(27.845.120)	(60.920.786)	(59.025.599)
Cost of finance sector operations (-)		(65.291)	(86.721)	(189.731)	(150.690)
Total costs		**(21.029.528)**	**(27.931.841)**	**(61.110.517)**	**(59.176.289)**
Gross profit non-finance		2.551.870	3.389.446	7.415.579	6.916.614
Gross profit finance		33.151	44.032	96.336	88.888
Gross profit		**2.585.021**	**3.433.478**	**7.511.915**	**7.005.502**
Marketing, selling and distribution expenses (-)	25	(1.113.937)	(1.479.553)	(3.237.032)	(2.869.583)
General administrative expenses (-)	25	(741.890)	(985.393)	(2.155.887)	(1.925.627)
Research and development expenses (-)	25	(53.476)	(71.028)	(155.399)	(134.669)
Other operating income	26	648.954	861.954	1.885.821	1.204.026
Other operating expenses (-)	26	(697.410)	(926.315)	(2.026.632)	(1.568.844)
Share of profit/loss of Joint Ventures	7	487.483	647.485	1.416.597	2.015.789
Operating profit	**4**	**1.114.745**	**1.480.628**	**3.239.383**	**3.726.594**
Gains from investment activities	27	176.289	234.151	512.286	78.723
Losses from investment activities (-)	27	(1.828)	(2.428)	(5.312)	(23.966)
Operating profit before financial income/(expense)		**1.289.206**	**1.712.351**	**3.746.357**	**3.781.351**
Financial income	28	731.693	971.849	2.126.255	3.028.906
Financial expense (-)	28	(926.243)	(1.230.254)	(2.691.605)	(3.755.223)
Profit before tax	**4**	**1.094.656**	**1.453.946**	**3.181.007**	**3.055.034**
Tax income		**355.573**	**472.279**	**1.033.275**	**945.275**
- Current income tax expense (-)	17	(75.708)	(100.557)	(220.002)	(253.016)
- Deferred tax income	17	431.281	572.836	1.253.277	1.198.291
Profit for the period		**1.450.229**	**1.926.225**	**4.214.282**	**4.000.309**
Attributable to:					
Non-controlling interests	4	517.608	687.497	1.504.137	1.320.596
Equity holders of the parent	**4**	**932.621**	**1.238.728**	**2.710.145**	**2.679.713**
Earnings per share (Kr)	**35**			**1,069**	**1,057**

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

			Audited	Audited
	2014 (*) EUR'000	**2014 (*) USD'000**	**2014 TL'000**	**2013 TL'000**
Profit for the period	**1.450.229**	**1.926.225**	**4.214.282**	**4.000.309**
Other comprehensive income:				
Items not to be reclassified to profit / loss:				
Non-current assets revaluation fund				
Tax effect	-	-	-	115
	-	**-**	**-**	**115**
Actuarial gains/losses on defined benefit plans				
Actuarial gains/losses	(21.424)	(28.456)	(62.258)	(4.248)
Tax effect	4.285	5.691	12.452	850
	(17.139)	**(22.765)**	**(49.806)**	**(3.398)**
Items to be reclassified to profit / loss:				
Financial assets fair value reserve				
Fair value gains/losses on financial assets	3.200	4.251	9.300	(15.836)
Tax effect	(160)	(213)	(465)	793
	3.040	**4.038**	**8.835**	**(15.043)**
Hedging reserve				
Cumulative gains/losses on hedging	(525)	(698)	(1.527)	(180.178)
Tax effect	483	642	1.404	37.922
	(42)	**(56)**	**(123)**	**(142.256)**
Currency translation differences	**(45.646)**	**(60.630)**	**(132.649)**	**246.746**
Share of other comprehensive income/expense of Joint Ventures (Note 7)	**58.306**	**77.443**	**169.433**	**(447.888)**
Other comprehensive income (after tax)	**(1.481)**	**(1.970)**	**(4.310)**	**(361.724)**
Total comprehensive income	**1.448.748**	**1.924.255**	**4.209.972**	**3.638.585**
Attributable to:				
Non-controlling interests	482.637	641.048	1.402.514	1.351.534
Equity holders of the parent	**966.111**	**1.283.207**	**2.807.458**	**2.287.051**

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

FINANCIAL STATEMENTS

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Capital			Items not to be reclassified to profit/loss		Items to be reclassified to profit/loss				Retained earnings				
	Paid-in share capital	Adjustment to share capital	Share premium	Non-current assets revaluation fund	Actuarial loss/gain	Currency translation differences	Hedging reserve	Financial assets fair value reserve	Restricted reserves	Profit for the period	Prior years' income	Equity holders of the parent	Non controlling interests	Total equity
Balances at 1 January 2013	**2.535.898**	**967.288**	**9.286**	**23.913**	**(25.187)**	**106.344**	**(306.903)**	**521.913**	**2.336.332**	**2.324.150**	**7.792.918**	**16.285.952**	**7.975.305**	**24.261.257**
Transfers	-	-	-	-	-	-	-	-	39.221	(2.324.150)	2.284.929	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(546.363)	(546.363)	(1.037.785)	(1.584.148)
Sale of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(19.331)	(19.331)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	8.378	8.378	(114.148)	(105.770)
Total comprehensive income	-	-	-	4.447	(2.987)	182.982	(36.122)	(541.164)	-	2.679.713	182	2.287.051	1.351.534	3.638.585
Balances at 31 December 2013	**2.535.898**	**967.288**	**9.286**	**28.360**	**(28.174)**	**289.326**	**(343.025)**	**(19.251)**	**2.375.553**	**2.679.713**	**9.540.044**	**18.035.018**	**8.155.575**	**26.190.593**
Balances at 1 January 2014	**2.535.898**	**967.288**	**9.286**	**28.360**	**(28.174)**	**289.326**	**(343.025)**	**(19.251)**	**2.375.553**	**2.679.713**	**9.540.044**	**18.035.018**	**8.155.575**	**26.190.593**
Transfers	-	-	-	-	-	-	-	-	45.115	(2.679.713)	2.634.598	-	-	-
Capital increases	-	-	-	-	-	-	-	-	-	-	-	-	80.610	80.610
Dividends paid	-	-	-	-	-	-	-	-	-	-	(490.219)	(490.219)	(662.367)	(1.152.586)
Changes in the scope of consolidation (*)	-	-	-	-	-	-	-	-	-	-	9.295	9.295	(12.114)	(2.819)
Business combinations (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	5.059	5.059
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(13.129)	(13.129)	(16.231)	(29.360)
Total comprehensive income	-	-	-	(1.119)	(25.485)	(80.024)	27.007	176.934	-	2.710.145	-	2.807.458	1.402.514	4.209.972
Balances at 31 December 2014	**2.535.898**	**967.288**	**9.286**	**27.241**	**(53.659)**	**209.302**	**(316.018)**	**157.683**	**2.420.668**	**2.710.145**	**11.680.589**	**20.348.423**	**8.953.046**	**29.301.469**

(*) Resulted from the addition of Set Auto in the scope of consolidation and the sale of Harranova Besi shares.

The accompanying notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	2014 (*) EUR'000	2014 (*) USD'000	Audited 2014 TL'000	Audited 2013 TL'000
A. Cash flows from operating activities:					
Profit for the period		1.450.229	1.926.225	4.214.282	4.000.309
Adjustments to reconcile net cash generated:					
Tax income	17	(355.573)	(472.279)	(1.033.275)	(945.275)
Share of profit/loss of Joint Ventures	7	(487.483)	(647.485)	(1.416.597)	(2.015.789)
Depreciation and amortisation	4	329.827	438.083	958.457	870.719
Changes in provisions	36	97.894	130.024	284.473	338.010
Net interest expenses	28	168.521	223.833	489.712	312.108
Gains/losses on derivative instruments, net	28	(60.104)	(79.831)	(174.658)	52.826
Exchange losses on borrowings, net		225.757	299.855	656.035	1.660.205
Exchange gains on cash and cash equivalents, net		(145.620)	(193.415)	(423.162)	(1.316.652)
Gains from investment activities, net	27	(174.461)	(231.723)	(506.974)	(54.757)
		1.048.987	**1.393.287**	**3.048.293**	**2.901.704**
Changes in net working capital	36	360.450	478.757	1.047.445	351.252
Income taxes paid		(76.387)	(101.458)	(221.975)	(247.429)
Dividend income from Joint Ventures, net	7	190.101	252.493	552.415	591.469
Contribution to capital increases of Joint Ventures	7	(4.646)	(6.170)	(13.500)	(67.731)
Competition Board penalty paid	19	(106.338)	(141.240)	(309.011)	-
Total cash flows from operating activities		**1.412.167**	**1.875.669**	**4.103.667**	**3.529.265**
B. Cash flows from investing activities:					
Purchases of property, plant and equipment and intangible assets	4	(1.394.377)	(1.852.040)	(4.051.974)	(3.959.321)
Sale of property, plant and equipment and intangible assets			276.785	367.631	804.320
Cash inflow from sale of a subsidiary, net		10.425	13.847	30.294	9.009
Cash outflow from acquisitions, net of cash acquired	3	(102.111)	(135.626)	(296.728)	-
Sale, redemption and capital decreases of financial assets		3.358	4.460	9.757	60.959
Acquisition of financial assets and capital contributions		(18.973)	(25.200)	(55.134)	(96.267)
Dividend income from financial assets	27	-	-	-	26.094
Transactions with non-controlling interests		(30.289)	(40.230)	(88.017)	(52.885)
Total cash flows from investing activities		**(1.255.182)**	**(1.667.158)**	**(3.647.482)**	**(3.560.590)**
C. Cash flows from financing activities:					
Contribution to capital increases of non-controlling interests		27.740	36.844	80.610	-
Dividend payments		(396.631)	(526.814)	(1.152.586)	(1.584.148)
Cash flows from borrowings, net		516.346	685.821	1.500.469	2.348.262
Cash flows provided by/(used in) derivative transactions, net		21.410	28.438	62.217	(49.291)
Interest paid		(298.161)	(396.023)	(866.437)	(686.294)
Interest received		136.707	181.576	397.261	393.403
Total cash flows from financing activities		**7.411**	**9.842**	**21.534**	**421.932**
Effects of foreign exchange rate changes on cash and cash equivalents		145.620	193.415	423.162	1.316.652
Net increase in cash and cash equivalents		310.016	411.768	900.881	1.707.259
Cash and cash equivalents at the beginning of the period		2.866.567	3.807.432	8.330.068	6.622.809
Cash and cash equivalents at the end of the period	**36**	**3.176.583**	**4.219.200**	**9.230.949**	**8.330.068**

(*) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2014, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

FINANCIAL STATEMENTS

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Koç Holding A.Ş. ("Koç Holding") was established on 11 December 1963 in Turkey. Koç Holding's business activities include ensuring the establishment of participating in various companies and promoting the achievements of these companies; ensuring a more profitable, efficient management appropriate for current conditions and creating common service areas and therefore lightening the financial burden of these services on the companies.

As of 31 December 2014, the number of personnel employed by the Parent Company Koç Holding, its Subsidiaries and Joint Ventures (together referred as the "Group") is 85.517 (2013: 80.996); divided into categories of 40.623 white-collar (2013: 37.259) and 44.894 blue-collar workers (2013: 43.737).

The registered address of Koç Holding is as follows:
Nakkaştepe Azizbey Sok. No: 1
Kuzguncuk-İSTANBUL

Koç Holding is registered to the CMB and its shares have been quoted on the Borsa İstanbul ("BIST") since 10 January 1986.
As of 31 December 2014, the principal shareholders and their respective shareholding rates in Koç Holding are as follows:

	%
Companies owned by Koç Family members	42,69
Koç Family members	25,82
Vehbi Koç Vakfı	7,15
Koç Holding Emekli ve Yardım Sandığı Vakfı	1,99
Other	22,35
	100,00

Koç Holding is organised mainly in Turkey under five core business segments:

- Energy
- Automotive
- Consumer durables
- Finance
- Other (*)

(*) Other operations of Group mainly comprise of food, retail, tourism, information technologies and ship construction, none of which are of a sufficient size to be reported separately.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

The subsidiaries ("Subsidiaries"), the joint ventures ("Joint Ventures") and associates ("Associates") included in the consolidation scope of Koç Holding, their country of incorporation, nature of business and their respective business segments are as follows:

Energy Sector

Subsidiaries	Country of incorporation	Nature of business
ADG Enerji Yatırımları A.Ş. ("ADG Enerji Yatırımları") (1)	Turkey	Natural Gas
AES Entek Elektrik Üretimi A.Ş. ("AES Entek") (2)	Turkey	Power Generation
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. ("Akpa")	Turkey	Marketing
Anadoluhisarı Tankercilik A.Ş ("Anadoluhisarı Tankercilik")	Turkey	Petroleum Shipping
Aygaz A.Ş. ("Aygaz")	Turkey	LPG
Aygaz Doğal Gaz İletim A.Ş. ("Aygaz İletim")	Turkey	Natural Gas
Aygaz Doğal Gaz Toptan Satış A.Ş. ("Aygaz Toptan Satış")	Turkey	Natural Gas
Beykoz Tankercilik A.Ş. ("Beykoz Tankercilik")	Turkey	Petroleum Shipping
Demir Export A.Ş. ("Demir Export")	Turkey	Mining
Ditaş Deniz İşletmeciliği ve Tic. A.Ş. ("Ditaş")	Turkey	Petroleum Shipping
Enerji Yatırımları A.Ş. ("Enerji Yatırımları")	Turkey	Investment
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek") (2)	Turkey	Power Generation
Kadıköy Tankercilik A.Ş. ("Kadıköy Tankercilik")	Turkey	Petroleum Shipping
Kandilli Tankercilik A.Ş. ("Kandilli Tankercilik")	Turkey	Petroleum Shipping
Karşıyaka Tankercilik A.Ş. ("Karşıyaka Tankercilik")	Turkey	Petroleum Shipping
Kartal Tankercilik A.Ş. ("Kartal Tankercilik")	Turkey	Petroleum Shipping
Kuleli Tankercilik A.Ş. ("Kuleli Tankercilik")	Turkey	Petroleum Shipping
Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk Tankercilik")	Turkey	Petroleum Shipping
Maltepe Tankercilik A.Ş. ("Maltepe Tankercilik")	Turkey	Petroleum Shipping
Salacak Tankercilik A.Ş. ("Salacak Tankercilik")	Turkey	Petroleum Shipping
Sarıyer Tankercilik A.Ş. ("Sarıyer Tankercilik")	Turkey	Petroleum Shipping
Seymenoba Elektrik Üretimi A.Ş. ("Seymenoba Elektrik") (2)	Turkey	Power Generation
T Damla Denizcilik A.Ş. ("T Damla Denizcilik")	Turkey	Petroleum Shipping
Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş")	Turkey	Production and Trading of Petroleum Products
Üsküdar Tankercilik A.Ş. ("Üsküdar Tankercilik")	Turkey	Petroleum Shipping

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Ayas Enerji Üretim ve Ticaret A.Ş. ("Ayas Enerji")	Oyak Birleşik Enerji A.Ş.	Turkey	Power Generation
Güney Tankercilik A.Ş. (Güney Tankercilik")	Türk Hava Yolları	Turkey	Petroleum Shipping
Kuzey Tankercilik A.Ş. (Kuzey Tankercilik")	Türk Hava Yolları	Turkey	Petroleum Shipping
Opet Fuchs Madeni Yağ.San. ve Tic. A.Ş. ("Opet Fuchs")	Fuchs Petrolub SE	Turkey	Lubricant Trading
Opet International Limited ("Opet International")	Öztürk Family	The UK	Petroleum Products Trading
Opet Petrolcülük A.Ş. ("Opet")	Öztürk Family	Turkey	Petroleum Products Trading
Opet Trade B.V. ("Opet Trade BV")	Öztürk Family	The Netherlands	Petroleum Products Trading
Opet Trade (Singapore) Pte. Ltd. ("Opet Singapore")	Öztürk Family	Singapore	Petroleum Products Trading
THY Opet Havacılık Yakıtları A.Ş. ("THY Opet")	Türk Hava Yolları	Turkey	Petroleum Products Trading

(1) Included in the scope of consolidation in 2014 and the trade name has been changed as ADG Enerji Yatırımları A.Ş. following the purchase of 100% shares of Enram Su ve Çevre Yatırımları A.Ş., a subsidiary of Koç Holding, by Aygaz.
(2) Included in the scope of consolidation as a Subsidiary following the acquisition of the shares held by AES Mont Blanc Holdings B.V. in AES Entek by Koç Holding and Aygaz.

Opet Gıda ve İhtiyaç Mad. Tur. San. İç ve Dış Ticaret A.Ş. ("Opet Gıda") merged with Opet on 12 February 2014.

AES Enerji Ltd. ("AES Enerji"), Cenay Elektrik Üretim, İnşaat, Sanayi ve Ticaret Ltd. ("Cenay Elektrik"), Kumköy Enerji Üretim A.Ş. ("Kumköy Enerji") and Selen Elektrik Üretim A.Ş. ("Selen Elektrik"), merged with AES Entek on 13 June 2014.

Akpa, which already had 8% ownership of Zinerji A.Ş., acquired 100% ownership of Zinerji, by purchasing remaining 92% of the shares on 24 July 2014. Zinerji merged with Akpa on 10 December 2014.

Ferrocom Madencilik San. ve Tic. A.Ş. ("Ferrocom") which was included in the scope of consolidation in 2014, merged with Demir Export on 25 December 2014.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Automotive Sector

Subsidiaries	Country of incorporation	Nature of business
Otokar Otomotiv ve Savunma Sanayi A.Ş. ("Otokar")	Turkey	Production
Otokoç Otomotiv Tic. ve San. A.Ş. ("Otokoç")	Turkey	Trading
Otokoç Sigorta Aracılık Hizmetleri A.Ş. ("Otokoç Sigorta")	Turkey	Insurance
Set Auto Ltd. ("Set Auto") (1)	Azerbaijan	Car Rental
Tasfiye Halinde Otoyol Sanayi A.Ş. ("Otoyol") (2)	Turkey	-

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Fer Mas Oto Ticaret A.Ş. ("Fer-Mas")	Fiat Auto S.p.A.	Turkey	Trading
Ford Otomotiv Sanayi A.Ş. ("Ford Otosan")	Ford Motor Co.	Turkey	Production
Tofaş Türk Otomobil Fabrikası A.Ş. ("Tofaş")	Fiat Auto S.p.A.	Turkey	Production
Türk Traktör ve Ziraat Makinaları A.Ş. ("Türk Traktör")	CNH Osterreich Gmbh	Turkey	Production

(1) Included in the scope of consolidation in 2014.
(2) In the process of liquidation.

Consumer Durables Sector

Subsidiaries	Country of incorporation	Nature of business
Archin Limited ("Archin") (1)	Hong Kong, China	Trading
Arçelik A.Ş. ("Arçelik")	Turkey	Production/Sales
Ardutch B.V. ("Ardutch")	The Netherlands	Holding
Ardutch B.V. Taiwan ("Ardutch Taiwan")	Taiwan	Procurement
Beko A and NZ Pty Ltd. ("Beko Australia")	Australia	Trading
Beko Cesko ("Beko Cesko") (1)	Czech Republic	Trading
Beko Deutschland GmbH ("Beko Deutschland")	Germany	Trading
Beko Egypt Trading LLC ("Beko Egypt")	Egypt	Trading
Beko Electronics Espāna S.L. ("Beko Espana")	Spain	Trading
Beko France S.A.S. ("Beko France")	France	Trading
Beko Hong Kong Ltd. ("Beko Hong Kong")	Hong Kong, China	Procurement
Beko Italy SRL ("Beko Italy")	Italy	Trading
Beko Llc ("Beko Russia")	Russia	Production/Sales
Beko Plc. ("Beko UK")	The UK	Trading
Beko Shanghai Trading Company Ltd. ("Beko Shanghai")	China	Trading
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Trading
Beko S.A. ("Beko Polska")	Poland	Trading
Beko S.A. Czech Republic ("Beko Czech")	Czech Republic	Trading
Beko Thai Co.,Ltd. ("Beko Tayland") (2)	Thailand	Production/Sales
Beko Ukraine LLC ("Beko Ukraine")	Ukraine	Trading
Blomberg Werke GmbH ("Blomberg Werke") (1)	Germany	Production
Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China")	China	Production/Sales
Defy Appliances (Proprietary) Limited ("Defy")	Republic of South Africa	Production/Sales
Defy (Botswana) (Proprietary) Limited ("Defy Botswana")	Botswana	Trading
Defy (Namibia) (Proprietary) Limited ("Defy Namibia")	Namibia	Trading
Defy (Swaziland) (Proprietary) Limited ("Defy Swaziland") (1)	Swaziland	Trading
Defy Trust Two (Proprietary) Limited ("Defy Trust Two")	Republic of South Africa	Investment
Elektra Bregenz AG ("Elektra Bregenz")	Austria	Trading
Grundig Intermedia Ges.m.b.H ("Grundig Austria") (1)	Austria	Trading
Grundig Intermedia GmbH ("Grundig Intermedia")	Germany	Trading
Grundig Magyarország Kft. ("Grundig Hungary") (1)	Hungary	Trading
Grundig Multimedia A.G. ("Grundig Switzerland")	Switzerland	Trading
Grundig Multimedia B.V. ("Grundig Multimedia")	The Netherlands	Holding
Grundig Nordic AB. ("Grundig Sweden")	Sweden	Trading
Grundig Nordic No AS ("Grundig Norway")	Norway	Trading
Grundig Portuguesa Lda ("Grundig Portugal") (1)	Portugal	Trading
Grundig Slovakia s.r.o. ("Grundig Slovakia") (1)	Slovakia	Trading
Kindoc Park (Proprietary) Limited ("Defy Kindoc")	Republic of South Africa	Investment
Raupach Wollert GmbH ("Raupach") (1)	Germany	Holding
SC Arctic SA ("Arctic")	Romania	Production/Sales

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Consumer Durables Sector (Continued)

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Arçelik-LG Klima San. ve Tic. A.Ş. ("Arçelik LG")	LG Electronics Inc.	Turkey	Air Conditioner Production

(1) Non-operational companies as of the balance sheet date.
(2) Established as a production and sales company in December 2014 and planned to start production by the end of 2015.

ArcticPro SRL ("ArcticPro"), Beko S.A. Hungary ("Beko Hungary"), Carron SA (Proprietary) Limited ("Defy Carron"), Grundig Ceska Republika S.r.o ("Grundig Czech Republic") and Ocean Appliances Limited ("Defy Ocean") were liquidated in 2014.

Finance Sector

Subsidiaries	Country of incorporation	Nature of business
Koç Finansman A.Ş. ("Koç Finansman")	Turkey	Consumer Finance

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Koç Fiat Kredi Finansman A.Ş. ("Fiat Finans")	Fiat Auto S.p.A.	Turkey	Consumer Finance
Koç Finansal Hizmetler A.Ş. ("Koç Finansal Hizmetler" or "KFS")	UniCredit S.p.A.	Turkey	Holding
Stiching Custody Services YKB ("Stiching Custody")	UniCredit S.p.A.	The Netherlands	Custody
Tasfiye Halinde UniCredit Menkul Değerler A.Ş. ("UniCredit Menkul") (1)	UniCredit S.p.A.	Turkey	Brokerage
Yapı Kredi Azerbaijan C.J.S.C. ("Yapı Kredi Azerbaycan")	UniCredit S.p.A.	Azerbaijan	Banking
Yapı Kredi Bank Nederland N.V. ("Yapı Kredi Nederland")	UniCredit S.p.A.	The Netherlands	Banking
Yapı Kredi Bank Malta Ltd. ("Yapı Kredi Malta") (2)	UniCredit S.p.A.	Malta	Banking
Yapı Kredi Bank Moscow ("Yapı Kredi Moscow")	UniCredit S.p.A.	Russia	Banking
Yapı Kredi Diversified Payment Rights Special Purpose Finance Company ("Yapı Kredi SPC") (3)	UniCredit S.p.A.	Cayman Islands	Company
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	UniCredit S.p.A.	Turkey	Factoring
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Finansal Kiralama")	UniCredit S.p.A.	Turkey	Leasing
Yapı Kredi Holding B.V. ("Yapı Kredi Holding")	UniCredit S.p.A.	The Netherlands	Financial Consulting
Yapı Kredi Invest LLC. ("Yapı Kredi Invest")	UniCredit S.p.A.	Azerbaijan	Brokerage
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. ("Yapı Kredi Koray")	Koray Group Companies	Turkey	Real Estate
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	UniCredit S.p.A.	Turkey	Portfolio Management
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	UniCredit S.p.A.	Turkey	Brokerage
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi Bankası")	UniCredit S.p.A.	Turkey	Banking

Associates	Country of incorporation	Nature of Business
Allianz Yaşam ve Emeklilik A.Ş. ("Allianz Emeklilik")	Turkey	Insurance
Banque de Commerce et de Placements S.A. ("Banque de Commerce")	Switzerland	Banking

(1) In the process of liquidation as of 6 June 2014.
(2) Established on 23 October 2014 and included in the scope of consolidation.
(3) Although Yapı Kredi Bankası has no shareholding interest, the special purpose company established for securitization transactions is included in the scope of consolidation.

Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("Yapı Kredi Yatırım") was liquidated in 2014.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Other Sectors

Subsidiaries	Country of incorporation	Nature of business
Ayvalık Marina ve Yat İşletmeciliği San. ve Tic. A.Ş. ("Ayvalık Marina")	Turkey	Tourism
Bilkom Bilişim Hizmetleri A.Ş. ("Bilkom")	Turkey	Trading
Divan Turizm İşletmeleri A.Ş. ("Divan")	Turkey	Tourism
Düzey Tüketim Malları Sanayi Pazarlama A.Ş. ("Düzey")	Turkey	Trading
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	Turkey	Technology
Koç Yapı Malzemeleri Ticaret A.Ş. ("Koç Yapı Malzeme")	Turkey	Trading
Marmaris Altınyunus Turistik Tesisleri A.Ş. ("Mares")	Turkey	Tourism
Moova Gıda Sanayi ve Ticaret A.Ş. ("Moova") (1)	Turkey	Dairy Products
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	Turkey	Foreign Trade
RMK Marine Gemi Yapım Sanayi ve Deniz Taş. İşl. A.Ş. ("RMK Marine")	Turkey	Ship Construction
Setur Servis Turistik A.Ş. ("Setur")	Turkey	Tourism
Setur Yalova Marina İşletmeciliği A.Ş. ("Yalova Marina")	Turkey	Tourism
Tat Gıda Sanayi A.Ş. ("Tat Gıda")	Turkey	Food
Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. ("Tek-Art Marina")	Turkey	Tourism
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer Ticaret")	Turkey	Trading

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Koçtaş Yapı Marketleri Ticaret A.Ş. ("Koçtaş Yapı Market")	Kingfisher Plc	Turkey	Retail
Netsel Turizm Yatırımları A.Ş. ("Netsel")	Torunlar GYO A.Ş.	Turkey	Tourism
Tedi İçecek San. ve Tic. A.Ş. ("Tedi İçecek") (2)	Maspex-Gmw SP. Z O.O. S.K.A.	Turkey	Fruit Juice Import and Sales

(1) Included in the scope of consolidation as of 20 August 2014 following the acquisition of 100% of its shares by Tat Gıda.
(2) Included in the scope of consolidation as of 16 January 2014 following the acquisition of 50% of its shares by Tat Gıda from Maspex-Gmw SP. Z O.O. S.K.A.

Harranova Besi ve Tarım Ürünleri A.Ş. ("Harranova Besi") was sold to The Morning Star Company on 1 October 2014.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676.

In accordance with the decision taken on 7 June 2013 by the CMB at its meeting numbered 20/670, a new set of illustrative financial statements and guidance to it have been issued effective from the periods ended after 31 March 2013 which is applicable for the companies that are subject to the Communiqué regarding the Principles of Financial Reporting in Capital Markets. The accompanying consolidated financial statements are prepared in accordance with the aforementioned illustrative financial statements.

The consolidated financial statements have been prepared considering certain adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards issued by the POA.

Koç Holding and its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and banking law, accounting principles and instructions promulgated by the Banking Regulation and the Supervision Agency ("BRSA") for banks. Foreign Subsidiaries, Joint Ventures and Associates maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under the historical cost conversion except for the financial assets and liabilities presented at fair values, and the revaluations related to the differences between the carrying value and fair value of the non-current assets recognised in business combinations. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the TAS/TFRS, have been accounted for in the statutory financial statements which are prepared in accordance with the historical cost principle.

NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1.2 Comparatives and adjustment of prior periods' financial statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

The property amounting to TL2.293 thousand which was classified in "property, plant and equipment" in the balance sheet dated 31 December 2013 and which is the subject of the flat-for-land agreement to which Koç Holding is a party, has been reclassified in "investment properties".

2.1.3 EUR and USD amounts presented in the financial statements

EUR and USD amounts shown in the consolidated balance sheet prepared in accordance with the TAS/TFRS have been translated from TL, as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the CBRT on 31 December 2014 of TL2,8207 = EUR1 and TL2,3189 = USD1, respectively and EUR and USD amounts shown in the consolidated statements of income, comprehensive income and cash flow have been translated from TL, as a matter of arithmetic computation only, at the average EUR and USD bid rates calculated from the official daily bid rates announced by the CBRT for the year ended 31 December 2014 of TL2,9059= EUR1 and TL2,1878= USD1, respectively, and do not form part of these consolidated financial statements.

2.2 Amendments in International Financial Reporting Standards

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January- 31 December 2014 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2013, except for the new standards and International Financial Reporting Interpretations Committee's ("IFRIC") interpretations summarised below.

Standards, amendments and interpretations effective as of 1 January 2014:

- TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amended)
- TFRS Interpretation 21 Levies
- TAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendment)
- TAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)
- TFRS 10 Consolidated Financial Statements (Amendment)

These amendments did not have any impact on the financial position or performance of the Group.

Standards, amendments and improvements issued but not yet effective and not early adopted:

- TFRS 9 Financial Instruments - Classification and Measurement
- TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)
- TFRS 11 - Acquisition of an Interest in a Joint Operation (Amendment)
- TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)
- TAS 16 - Property, Plant and Equipment and TAS 41 Agriculture (Amendment) - Bearer Plants
- Improvements to IFRSs - 2010 - 2012 Cycle
- Improvements to IFRSs - 2011 - 2013 Cycle

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

New standards, amendments and interpretations that are issued by the International Accounting Standard Boards (IASB) but not issued by POA:

- Improvements to IFRSs - 2010 - 2012 Cycle
- Improvements to IFRSs - 2012 - 2014 Cycle
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 9 - Financial Instruments - Final standard (2014)
- IAS 27 - Equity Method in Separate Financial Statements - Amendments to IAS 27
- IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments
- IFRS 10, IFRS 12 and IAS 28:Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)
- IAS 1: Disclosure Initiative (Amendments to IAS 1)

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Changes in Accounting Policies, Estimates and Errors

Any change in accounting policies resulting from the first time adoption of a new TAS/TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TAS/TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements.

If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively. The Group doesn't have any significant changes in accounting policy and accounting estimates in the current period.

2.4 Summary of Significant Accounting Policies

Accounting policies used in the preparation of consolidated financial statements are summarised below:

2.4.1 Group accounting

a) The consolidated financial statements include the accounts of the parent company, Koç Holding, its Subsidiaries, its Joint Ventures and its Associates on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with "TAS/TFRS" and the application of uniform accounting policies and presentation.

b) Subsidiaries are companies over which Koç Holding has the power to control the financial and operating policies for the benefit of Koç Holding, either (a) through the power to exercise more than 50% of voting rights relating to the shares in the companies as a result of the ownership interest owned directly and indirectly by itself, and/or by certain Koç Family members and companies owned by them whereby Koç Holding exercises control over the ownership interest of the shares held by them; or (b) although not having the power to exercise more than 50% of the ownership interest, it has rights or is exposed to variable returns from its involvement with the investee and when at the same time it has the power to affect these returns through its power over the investee.

The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Koç Holding and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Koç Holding and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by Koç Holding in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsidiaries included in the scope of the consolidation and their effective interests (%):

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Subsidiaries	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
ADG Enerji Yatırımları (1)	40,68	100,00	100,00	100,00	-	-	100,00	100,00
AES Enerji Ltd. (2)	-	34,90	-	49,62	-	-	-	49,62
AES Entek (3)	69,80	34,90	99,23	49,62	-	-	99,23	49,62
Akpa	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Anadoluhisarı Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Archin	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Arctic	39,18	39,18	96,72	96,72	-	-	96,72	96,72
Arctic Pro (4)	-	39,18	-	100,00	-	-	-	100,00
Arçelik	40,51	40,51	40,51	40,51	11,42	11,42	51,93	51,93
Ardutch	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Ardutch Taiwan	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Aygaz	40,68	40,68	40,68	40,68	10,53	10,53	51,21	51,21
Aygaz İletim	40,53	40,53	100,00	100,00	-	-	100,00	100,00
Aygaz Toptan Satış	40,36	40,36	100,00	100,00	-	-	100,00	100,00
Ayvalık Marina	48,41	48,41	95,57	95,57	4,43	4,43	100,00	100,00
Beko Australia	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Cesko	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko China	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Czech	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Deutschland	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Egypt	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Espana	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko France	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Hong Kong	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Hungary (4)	-	40,51	-	100,00	-	-	-	100,00
Beko Italy	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Plc	20,26	20,26	50,00	50,00	50,00	50,00	100,00	100,00
Beko Polska	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Russia	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Shanghai	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Slovakia	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beko Tayland (5)	40,51	-	100,00	-	-	-	100,00	-
Beko Ukraine	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Beykoz Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Bilkom	82,28	82,28	99,94	99,94	0,06	0,06	100,00	100,00
Blomberg Werke	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Cenay Elektrik (2)	-	34,90	-	49,62	-	-	-	49,62
Demir Export	2,34	2,34	2,34	2,34	97,46	97,46	99,80	99,80
Defy	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Defy Botswana	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Defy Carron (4)	-	40,51	-	100,00	-	-	-	100,00
Defy Kindoc	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Defy Namibia	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Defy Ocean (4)	-	40,51	-	100,00	-	-	-	100,00
Defy Swaziland	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Defy Trust Two	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Ditaş	34,95	34,95	80,00	80,00	-	-	80,00	80,00
Divan	11,79	11,79	25,46	25,46	74,54	74,54	100,00	100,00
Düzey	31,65	31,65	32,28	32,28	61,28	61,28	93,56	93,56
Elektra Bregenz	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Eltek (3)	69,80	34,90	100,00	49,62	-	-	100,00	49,62
Enerji Yatırımları	85,68	85,68	98,50	98,50	-	-	98,50	98,50
Ferrocom (6)	-	2,34	-	100,00	-	-	-	100,00

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Subsidiaries	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Grundig Austria	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Grundig Czech Republic (4)	-	40,51	-	100,00	-	-	-	100,00
Grundig Intermedia	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Grundig Hungary	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Grundig Multimedia	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Grundig Norway	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Grundig Portugal	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Grundig Slovakia	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Grundig Sweden	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Grundig Switzerland	40,51	40,51	100,00	100,00	-	-	100,00	100,00
Harranova Besi (7)	-	41,95	-	74,62	-	15,38	-	90,00
Kadıköy Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Kandilli Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Karşıyaka Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Kartal Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Koç Finansman	64,71	64,71	94,50	94,50	5,50	5,50	100,00	100,00
Koç Sistem	41,14	41,14	41,18	41,18	53,17	53,17	94,35	94,35
Koç Yapı Malzeme	43,18	43,18	43,18	43,18	47,62	47,62	90,81	90,81
Kuleli Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Kumköy Enerji (2)	-	34,90	-	49,62	-	-	-	49,62
KuzguncukTankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Maltepe Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Mares	36,81	36,81	36,81	36,81	33,46	33,46	70,27	70,27
Moova (8)	43,82	-	100,00	-	-	-	100,00	-
Otokar (9)	44,90	44,90	44,92	44,92	2,70	2,70	47,62	47,62
Otokoç	96,42	96,42	96,57	96,57	3,43	3,43	100,00	100,00
Otokoç Sigorta	48,22	48,22	50,02	50,02	49,98	49,98	100,00	100,00
Otoyol	53,95	53,95	53,95	53,95	10,18	10,18	64,13	64,13
Ram Dış Ticaret	57,70	57,70	83,45	83,45	14,66	14,66	98,11	98,11
Raupach	40,51	40,51	100,00	100,00	-	-	100,00	100,00
RMK Marine (10)	60,51	53,81	66,84	66,84	33,16	33,16	100,00	100,00
Salacak Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Sarıyer Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Selen Elektrik (2)	-	34,90	-	49,62	-	-	-	49,62
Set Auto (1)	92,48	92,48	100,00	100,00	-	-	100,00	100,00
Setur	46,32	46,32	81,07	81,07	18,87	18,87	99,94	99,94
Seymenoba Elektrik (3)	69,80	34,90	100,00	49,62	-	-	100,00	49,62
T Damla Denizcilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Tat Gıda	43,82	43,82	44,07	44,07	7,12	7,12	51,19	51,19
Tek-Art Marina (10)	75,92	50,48	75,92	51,94	24,08	47,46	100,00	99,40
Tüpraş	43,70	43,70	51,00	51,00	-	-	51,00	51,00
Üsküdar Tankercilik	34,95	34,95	100,00	100,00	-	-	100,00	100,00
Yalova Marina (10)	47,91	46,63	100,00	100,00	0,00	0,00	100,00	100,00
Zer Ticaret	39,00	39,00	39,00	39,00	60,06	60,06	99,06	99,06
Zinerji (11)	-	59,95	-	100,00	-	-	-	100,00

(1) Included in the scope of consolidation in 2014.
(2) Merged with AES Entek on 13 June 2014.
(3) The proportion of effective interest of Koç Holding changed following the purchase of 49,62% of shares of AES Entek, held by AES Mont Blanc Holdings B.V., by Koç Holding and Aygaz.
(4) Liquidated in 2014.
(5) Established as a production and sales company in December 2014.
(6) Merged with Demir Export in 2014.
(7) The sales transaction to The Morning Star Company was completed on 1 October 2014.
(8) Acquired in 2014.
(9) Although, the total ownership interest of Koç Holding in Otokar is less than 50%, Koç Holding has the power to exercise control over financial and operating policies of this company.
(10) Proportion of effective interest of Koç Holding changed, following the purchase of 26,71% shares of Tek-Art Marina by Koç Holding.
(11) Merged with Akpa in 2014.

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Koç Holding and one or more other parties. Koç Holding exercises such joint control through direct and indirect voting rights related to the shares held by itself and/or through the voting rights related to the shares held by Koç Family members and the companies owned by them.

"TAS 11 Joint Arrangements", effective for the annual periods on or after 1 January 2013, supersedes "TAS 31 Shares in Joint Ventures" and requires the application of the equity method for the consolidation of interests in joint ventures in accordance with "TAS 28 Investments in Associates and Joint Ventures".

Under the equity method, the investment in a joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of the acquisition. The investor's share of the profit or loss of the investee is recognised in the investor's profit or loss. Distributions (dividends etc.) received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for the change in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

Direct and indirect ownership held by Koç Holding is used in the equity accounting of Joint Ventures.

Voting rights of the Joint Ventures and their effective interests (%):

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Joint Ventures	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Arçelik LG Klima	23,23	23,23	50,00	50,00	-	-	50,00	50,00
Ayas Enerji (1)	34,90	17,45	50,00	49,62	-	-	50,00	49,62
Fer-Mas	37,59	37,59	37,86	37,86	-	-	37,86	37,86
Fiat Finans	37,59	37,59	37,86	37,86	-	-	37,86	37,86
Ford Otosan	38,46	38,46	38,46	38,46	2,58	2,58	41,04	41,04
Güney Tankercilik	9,00	9,00	50,00	50,00	-	-	50,00	50,00
Koç Finansal Hizmetler	40,21	40,21	44,12	44,12	5,88	5,88	50,00	50,00
Koçtaş Yapı Market	42,64	42,64	49,92	49,92	0,08	0,08	50,00	50,00
Kuzey Tankercilik	9,00	9,00	50,00	50,00	-	-	50,00	50,00
Netsel (2)	41,76	27,76	55,00	55,00	-	-	55,00	55,00
Opet	18,00	18,00	41,33	41,33	8,67	8,67	50,00	50,00
Opet Aygaz Gayrimenkul	29,34	29,34	50,00	50,00	-	-	50,00	50,00
Opet Fuchs	9,00	9,00	50,00	50,00	-	-	50,00	50,00
Opet Gıda (3)	-	18,00	-	50,00	-	-	-	50,00
Opet International	18,00	18,00	50,00	50,00	-	-	50,00	50,00
Opet Trade BV	18,00	18,00	50,00	50,00	-	-	50,00	50,00
Opet Trade Singapore	18,00	18,00	50,00	50,00	-	-	50,00	50,00
Stiching Custody	32,89	32,89	50,00	50,00	-	-	50,00	50,00
Tedi İçecek (4)	21,91	-	50,00	-	-	-	50,00	-
THY Opet	9,00	9,00	50,00	50,00	-	-	50,00	50,00
Tofaş	37,59	37,59	37,59	37,59	0,27	0,27	37,86	37,86
Türk Traktör	37,50	37,50	37,50	37,50	-	-	37,50	37,50
UniCredit Menkul	40,21	40,21	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Azerbaycan	32,89	32,89	50,00	50,00	-	-	50,00	50,00

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NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Joint Ventures	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Yapı Kredi Bankası	32,89	32,89	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Faktoring	32,88	32,88	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Fin.Kiralama	32,89	32,89	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Holding	32,89	32,89	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Invest	32,89	32,89	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Koray	10,01	10,01	30,45	30,45	-	-	30,45	30,45
Yapı Kredi Malta (5)	32,89	-	50,00	-	-	-	50,00	-
Yapı Kredi Menkul	32,88	32,88	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Moscow	32,89	32,89	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Nederland	32,89	32,89	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Portföy	32,87	32,87	50,00	50,00	-	-	50,00	50,00
Yapı Kredi Yatırım (6)	-	31,36	-	50,00	-	-	-	50,00

(1) The proportion of effective interest of Koç Holding changed following the purchase of 49,62% of shares of AES Entek, held by AES Mont Blanc Holdings B.V., by Koç Holding and Aygaz.
(2) The proportion of effective interest of Koç Holding changed following the purchase of 26,71% shares of Tek-Art Marina by Koç Holding.
(3) Merged with Opet on 12 February 2014.
(4) Acquired in 2014.
(5) Established in 2014.
(6) Liquidated in 2014.

d) Associates are accounted for using the equity method. Associates are companies in which the Group has voting power between 20% and 50% or the Group has power to participate in the financial and operating policy decisions but not control them. Unrealised gains or losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Voting rights of the Associates and their effective interests (%):

	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
Associates	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Allianz Emeklilik	6,58	6,58	20,00	20,00	-	-	20,00	20,00
Banque de Commerce	10,09	10,09	30,67	30,67	-	-	30,67	30,67

e) Financial assets in which the Group together with Koç Family members, has ownership interests below 20%, or over which the Group does not exercise a significant influence or which are immaterial are classified as available-for-sale financial assets in the consolidated financial statements.

Available-for-sale financial assets which have quoted market prices in organised markets and whose fair values can be measured reliably are carried at fair value in the consolidated financial statements.

Available-for-sale financial assets that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are carried at cost less any accumulated impairment loss in the consolidated financial statements.

f) Non-controlling shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated financial statements as "non-controlling interests". Certain Koç Family members and companies controlled by them have interests in the share capital of certain subsidiaries. In the consolidated financial statements, these interests of Koç Family members and companies controlled by them are treated as non-controlling interests and are not included in the Group's net assets and profits attributable to the equity holders of the parent.

2.4.2 Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The sectors reported under "Other" do not meet the required minimum quantitative thresholds to be a reportable segment; hence they have been merged for the purpose of segment reporting.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, should be 10 percent or more of the combined revenue, internal and external, of all internal and external operating segments; the absolute amount of its reported profit or loss should be 10 percent or more of the combined profit or loss or its total assets should be 10 percent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The financial information of the Group's Joint Ventures shall not be consolidated by using the proportionate consolidation method in accordance with "TFRS 11 Joint Arrangements". Therefore, in the case that segment reporting is prepared based on the equity method set in "TFRS 11 Joint Arrangements", major financial information of Joint Ventures, except for net profit for the period, such as revenue, operating profit and profit before tax shall not be included in the related segment results.

The operations of Joint Ventures and their impacts on the financial results of the Group and the related segment are continued to be monitored in detail by the chief operating decision maker of the Group. Therefore, for the periods after 1 January 2013, segment reporting of Joint Ventures has not been prepared based on the equity method set by the "TFRS 11 Joint Arrangements"; rather, the financial information of Joint Ventures has been included in segment results by full consolidation method (as 100%) within the framework of new segment reporting approach. The Group defines this segment reporting information prepared in conformity with this new approach as "combined financial information".

2.4.3 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Subsidiaries, Joint Ventures and Associates of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TL, which is Koç Holding's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group companies operating in the non-finance sectors, have been accounted for under "other operating income/ expenses" whereas foreign exchange gains and losses resulting from the translation of other monetary assets and liabilities denominated in foreign currencies have been accounted for under "financial income/expenses" in the consolidated income statement. Foreign exchange gains and losses resulting from monetary asset and liabilities denominated in foreign currencies of the Group companies operating in the finance sector, have been classified under "revenue/cost of finance sector operations" in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial statements of foreign subsidiaries, joint ventures and associates

The assets and liabilities, presented in the financial statements of the foreign Subsidiaries, Joint Ventures and Associates prepared in accordance with the Group's accounting policies, are translated into TL at the exchange rate at the date of the balance sheet whereas income and expenses are translated at the average exchange rates for the respective periods. Exchange differences resulting from using the exchange rates at the balance sheet date and the average exchange rates are recognised in the currency translation differences under the equity.

2.4.4 Assets and liabilities held for sale

Discontinued operation is a major line of business or geographical area of operations that is part of a single coordinated plan to be disposed of or is held-for-sale.

A single amount on the face of the income statements comprising the total of the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised by the disposal of the assets constituting the discontinued operation is disclosed. Also, the net cash flows of the discontinued operations associated with the operating, investment and financing activities are specified in the related note.

Group of non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Liabilities directly associated with those assets are also classified similarly.

Non-current assets or asset groups that meet the criteria of asset held for sale are measured at the lower of its carrying amount and fair value less cost to sell. These assets are not depreciated.

2.4.5 Related parties

For the purpose of these consolidated financial statements, shareholders, Koç Holding A.Ş. key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, subsidiaries and joint ventures excluded from the scope of consolidation are considered and expressed as "related parties".

NOTE 2- BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.6 Financial assets

The appropriate classification of financial assets is determined at the time of the purchase and re-evaluated by management on a regular basis.

"Financial assets at fair value through profit or loss" are either acquired for generating a profit from short-term price fluctuations or dealers' margin, or included in a portfolio in which a pattern of short-term profit making exists. Financial assets at fair value through profit or loss are initially recognised and subsequently measured at fair value. All related gains and losses are accounted in the income statement.

Non-derivative financial assets with fixed maturities, where management has both the intent and the ability to hold to the maturity excluding the financial assets classified as loans and advances to customers are classified as "held to- maturity financial assets". Held-to-maturity financial assets are carried at amortised cost using the effective yield method.

"Available-for-sale financial assets" are non-derivatives that are not designated in financial assets at fair value through profit or loss, held-to-maturity financial assets or loans and receivables. These are included in noncurrent assets unless management has the intention of holding these investments for less than 12 months from the balance sheet date, or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Available-for-sale financial assets are subsequently measured at fair value. Available-for-sale financial assets that are quoted in active markets are measured based on current bid prices. If the market for a financial asset is not active the fair value is determined by using valuation techniques such as discounted cash flow analysis and option pricing models.

Available-for-sale equity securities that do not have quoted fair values or for which fair values cannot be reliably measured through alternative methods, are measured at cost less any impairment.

Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are accounted in equity net of tax under "financial assets fair value reserve". Unrealised gains and losses arising from changes in the fair value of available-for-sale debt securities are the differences between the fair value of such securities and their amortised costs at the balance sheet date. When available-for-sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are transferred to the consolidated income statement. If the difference between the cost and the fair value of the available-for-sale securities is permanent, gains and losses are transferred to the consolidated income statement.

Interest and dividends associated to the available-for-sale financial assets are accounted under corresponding interest income and dividend income accounts.

"Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's loans and receivables comprise "cash and cash equivalents", "trade receivables" and "loans and advances to customers".

2.4.7 Repurchase and resale transactions

Securities purchased under agreements to resell are recorded as cash and cash equivalents in the consolidated financial statements. The difference between the purchase and resale price of these repurchase agreements is treated as interest income and accrued over the life of the reverse repurchase agreement.

2.4.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held in banks with maturities of 3 months or less, government bonds/treasury bills classified as available for sale financial assets with original maturities of 3 months or less and other short-term liquid investments.

2.4.9 Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is recognised if there is objective evidence for the inability to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to partial/full collection, the release of the provision is credited to other income. Doubtful receivables, for which no possibility of collection is foreseen, are written off from the records along with their related provisions.

Credit finance income/expenses and foreign exchange gains/losses arising from trading activities are accounted for under "other operating income/expense" in the consolidated statement of income.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

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FOR THE YEAR ENDED 31 DECEMBER 2014

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.10 Loans and advances to customers

Financial assets generated as a result of lending money or providing a loan are classified as loans and advances to customers and are carried at amortised cost, less any impairment. All loans and advances are recognised in the consolidated financial statements when cash is transferred to customers.

A credit risk provision for loan impairment is recognised if there is objective evidence that the Group will not be able to collect all the amounts due. The amount of the provision for impaired loans and loans under legal follow-up is the difference between the carrying amount and the recoverable amount. The recoverable amount is the net present value of the expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the associated loan.

The provision for loan impairment also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. The amount of provision is estimated based upon the Group's credit risk policy, the structure of the existing loan portfolio, historical patterns of losses in each component, the internal credit risk rating of the borrowers and the current economic climate in which the borrowers operate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a loan or receivable is uncollectible, it is written off against the allowance account for loans or receivables on the balance sheet. Subsequent recoveries of amounts previously impaired are credited against the allowance account on the balance sheet and accounted for as an income in the related provision account in the income statement.

2.4.11 Credit finance income/expenses

Credit finance income/expenses represent imputed finance charges on credit sales and purchases. Such income and expenses are recognised using the effective yield method over the period of credit sales and purchases within the materiality principle, and classified under "other operating income/expenses" in the consolidated statement of income.

2.4.12 Inventories

Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The cost of inventories is determined by the weighted average method. Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.4.13 Investment property

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation. Depreciation is provided for investment properties on a straight-line basis over their estimated useful lives, ranging from 3-30 years.

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

2.4.14 Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite useful life.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Buildings	5 - 50 years
Land improvements	3 - 50 years
Machinery and equipment	3 - 50 years
Furniture and fixtures	2 - 50 years
Motor vehicles	3 - 25 years
Leasehold improvements	3 - 10 years

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.

Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Machinery and equipment are capitalised and amortised when their capacity is fully available for use and their physical situations meet the determined production capacities.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/ losses from investing activities" in the current period.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.15 Intangible assets and related amortisation

Intangible assets comprise usage rights, brands, development costs, information systems, generation licences and other identified rights. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Cost of an intangible asset acquired by a business combination is its fair value at the acquisition date. Intangible assets with indefinite useful lives are not amortised, however are tested for impairment annually. Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

The amortisation periods for intangible assets, which approximate the economic useful lives of such assets, are as follows:

Rights	4 - 15 years
Brands	Indefinite useful life
Development costs	2 - 10 years
Other intangible assets	5 - 40 years

2.4.16 Leases

a) The Group - as the lessee

Finance leases

Leases of property, plant and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are included in the property, plant and equipment at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset. An impairment loss is recognised when a decrease in the carrying amount of the leased property is identified. Interest expenses and foreign exchange losses related to the finance lease liabilities are accounted in the consolidated statement of income. Lease payments are deducted from finance lease liabilities.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

b) The Group - as the lessor

Operating leases

Assets leased out under operating leases are included in investment properties or property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised in the consolidated income statement on a straight-line basis over the lease term.

2.4.17 Business combinations and goodwill

A business combination is evaluated as the bringing together of separate entities or businesses into one reporting entity.

Business combinations realised before 1 January 2010 have been accounted for by using the purchase method in the scope of TFRS 3 "Business combinations" prior to the amendment. Under this method, the cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree and in addition, any costs directly attributable to the business combination. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after the acquisition date; in case the adjustment is measurable and more probable than not, than cost of business combination at acquisition date is adjusted.

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements.

Goodwill recognised in business combinations is tested for impairment annually (as of 31 December) or more frequently if events or changes in circumstances indicate impairment, instead of amortisation. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognised at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under "effect of transactions under common control" in "retained earnings".

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fair value changes of contingent consideration that arise from business combinations realised before 1 January 2010 are adjusted against goodwill.

The Group applied revised TFRS 3 "Business Combinations", which is effective for the periods beginning 1 January 2010 for the business combinations realised after 2010.

The revised TFRS 3 introduces a number of changes in accounting of business combinations having an impact on the amount of goodwill recognised in the consolidated financial statements, the reported results in the period of the acquisition, and the results that will be reported in the future. According to these changes, the costs related to the acquisition are accounted for as expense and subsequent changes in the fair value of contingent consideration are recognised in the profit or loss (rather than by adjusting goodwill).

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. In case of the share sales to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

2.4.18 Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. A provision is recognised for the current period tax liability based on the period results of the Group at the balance sheet date.

Deferred income tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements.

Currently enacted tax rates are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences (including unused incentive amounts and carried forward tax losses of prior years) are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

The parent company Koç Holding recognizes deferred tax asset for all deductible temporary differences arising from investments in Subsidiaries, only to the extent that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

The parent company Koç Holding recognizes deferred tax liability for all taxable temporary differences associated with investments in Subsidiaries except to the extent that both of the following conditions are satisfied:

- the parent is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 Income Taxes standard and are recognised as deferred tax asset by the qualified tax advantage amount, to the extent it is highly probable that future taxable profits will be available against which the unused investment tax credits can be utilised.

The tax effects of the transactions that are accounted directly in the equity are also reflected to the equity.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority with the condition of being same taxpayer entity and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

2.4.19 Financial liabilities

Financial liabilities are measured initially at fair value. Any transaction costs directly attributable to the undertaking of a financial liability are added on the fair value of the financial liability. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities subject to hedging are accounted within the framework of hedge accounting.

2.4.20 Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.21 Provisions for employee benefits

a) Provision for employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections.

TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains / losses.

In accordance with TAS 19 "Employee Benefits" effective before 1 January 2013, the actuarial gains / losses were recognised in the statement of income whereas the amendment, effective as of 1 January 2013, requires the actuarial gains / losses to be recognised under other comprehensive income.

b) Defined benefit plans

The Group has to pay contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

c) Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

2.4.22 Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.4.23 Revenue recognition

Revenues include the invoiced amounts of goods and services sold. Revenues are recognised on an accrual basis at the time deliveries are made, risks and benefits related to the product are transferred, income amount is reliably measured and when it is highly probable that the Group will obtain future economic benefits. Interest income is realised according to the cut-off basis and accrued income is determined through taking into consideration the effective interest rate and the rate effective until maturity date. Net sales represent the invoiced value of goods shipped less sales returns and discounts. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Contract revenue and costs related to the projects are recognised when the amount of revenue can be reliably measured and the increase in the revenue due to change in the scope of the contract related with the project is probable. Contract revenue is measured at the fair value of the consideration received or receivable. Projects are fixed price contracts and revenue is recognised in accordance with the percentage of completion method. The portion of the total contract revenue corresponding to the completion rate is recognised as contract revenue in the relevant period.

Finance sector

Interest income and expenses are recognised in the income statement on an accrual basis. When loans and advances to customers are considered doubtful of collection by management, they are written down to their recoverable amount, and interest income is thereafter recognised based in the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

Service income is registered as income in the period during which it is collected, other fee and commission income and expenses are recognised on an accrual basis.

2.4.24 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.4.25 Dividends

Dividend income is recognised by the Group at the date the right to collect the dividend is realised. Dividend payables are recognised as liability in the consolidated financial statements following the approval of the general assembly.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.26 Research and development costs

Research costs are recognised and expensed in the income statement in the period in which they are incurred.

Costs incurred on development projects relating to the design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense cannot be recognised as an asset in subsequent periods. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over their estimated useful lives (2-10 years).

2.4.27 Warranties

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorised services' labour and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period.

2.4.28 Government grants

Government grants along with investment, research and development grants are accounted for on an accrual basis for estimated amounts expected to be realised under grant claims filed by the Group. These grants are accounted for as deferred income in the consolidated balance sheet and are credited to consolidated income statement on a straight-line basis over the expected lives of related assets. Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 Income Taxes standard (Note 2.4.18).

2.4.29 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement.

The financing costs of borrowings directly attributable to ongoing investments (interest expenses and foreign exchange loses based on the difference between the TL benchmark interest and interest regarding the foreign currency denominated loans) are capitalised until the completion of the investments.

2.4.30 Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognised in the consolidated income statement.

The hedging transactions of the Group that qualify for hedge accounting are accounted for as follows:

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised using a recalculated effective interest rate.

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Foreign currency hedge of net investments in foreign operations

Gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

2.4.31 Earnings per share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

2.4.32 Events after the balance sheet date

The Group adjusts the amounts recognised in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

2.4.33 Statement of cash flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.5 Significant Accounting Estimates and Assumptions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

2.6 Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

NOTE 3 - BUSINESS COMBINATIONS

a) On 13 October 2014, a Share Purchase Agreement was signed between Koç Holding, Aygaz and AES Mont Blanc Holdings B.V. for the purchase of the shares of AES Mont Blanc Holdings B.V. with a nominal value of TL133.594.282 representing 24,81% of the share capital of AES Entek by Koç Holding for USD62,5 million, and the purchase of the remaining shares with a nominal value of TL133.594.282 representing 24,81% of the share capital of AES Entek by Aygaz, a Subsidiary of the Group, for USD62,5 million. Following the approval of Energy Market Regulation Authority and completion of other required legal permissions, consideration amount of the purchase was paid in cash on 18 December 2014 and the share transfer procedures were finalised on 22 December 2014.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS (Continued)

Following the completion of the aforementioned additional share purchases, AES Entek was considered as a "Subsidiary" with 99,23% of the voting rights held by Koç Holding and was included by using the full consolidation method in the consolidated financial statements of the Group dated 31 December 2014.

The additional share purchase transaction was considered as "change of control" within the framework of the provisions of TFRS 3 "Business Combinations". Accordingly, the gain amounting to TL31.444 thousand resulting from the bargain purchase of additional 49,62% of shares and the impairment loss amounting to TL14.145 thousand resulting from the recognition of the existing 49,62% shares at their fair value, were recognised in the statement of income. Net gain amounting to TL17.299 thousand resulting from the change of control was recognised in the "gains and losses from investment activities" account (Note 27).

The calculation of profit/loss resulting from the change of control and information regarding the net assets controlled are as follows:

Consideration amount of additional share purchase (49,62%)	296.435
Fair value of shares held before purchase (49,62%)	327.879
Fair value of non-controlling interests (0,77%)	5.059
	629.373
Fair value of net assets controlled (100%)	660.817
Gain on bargain purchase	**31.444**
Carrying value of shares held before purchase (49,62%) (Note 7)	342.024
Fair value of shares held before purchase (49,62%)	327.879
Impairment on shares held before purchase	**(14.145)**
Net gain resulting from the change of control (Note 27)	**17.299**

The fair values (100%) of controlled identifiable assets and liabilities following the additional share purchase in accordance with TFRS 3 are as follows:

Cash and cash equivalents	31.978
Trade receivables	39.085
Property, plant and equipment (Note 13)	370.281
Intangible assets (Note 14)	319.497
Joint ventures accounted for using the equity method (Note 7)	176.343
Other assets	27.262
Financial liabilities	(157.746)
Trade and other payables	(43.256)
Deferred tax liabilities (Note 17)	(52.185)
Provisions for employee benefits (Note 18)	(1.896)
Other liabilities	(48.546)
Net assets controlled	**660.817**

The details of cash outflow resulting from the change of control are as follows:

Consideration amount of additional share purchase	296.435
Cash and cash equivalents - controlled	(31.978)
Cash outflow resulting from the change of control (net)	**264.457**

b) Tat Gıda, a Subsidiary of the Group, acquired all the shares of Moova Gıda Sanayi ve Ticaret A.Ş. which engages in the production of dairy products, for a consideration of TL32.271 thousand from Söktaş Tekstil Sanayi ve Ticaret A.Ş. and other shareholders on 22 August 2014.

Goodwill calculation and information regarding the Group's share of the total consideration amount and the acquired net assets are as follows:

Total consideration amount	32.271
Net assets acquired	(41.595)
Gain on bargain purchase (Note 27)	**9.324**

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

The fair values of controlled identifiable assets and liabilities resulting from the acquisition in accordance with TFRS 3 are as follows:

Trade and other receivables	2.057
Property, plant and equipment (Note 13)	29.849
Intangible assets (Note 14)	361
Inventories	2.048
Deferred tax assets (Note 17)	1.472
Other assets	6.388
Trade and other payables	(580)
Net assets acquired	**41.595**

The details of cash outflow due to acquisition are as follows:

Total consideration amount	32.271
Cash and cash equivalents - acquired	-
Cash outflow due to acquisition (net)	**32.271**

NOTE 4 - SEGMENT REPORTING

The financial information of the Joint Ventures has been included in the segment results, prepared within the framework of the Group's managerial approach, by full consolidation method (as 100%). The segment reporting information prepared in conformity with this approach is defined as "combined financial information".

"Combined revenue" reported below is before intra and inter segment revenue eliminations. Other financial information except for "combined revenue" represents the amounts after the related consolidation adjustments and profit eliminations.

The reconciliations of the combined financial information to the amounts reported in the consolidated financial statements for the years ended 31 December 2014 and 2013 are presented separately.

1 January - 31 December 2014	Energy	Automotive	Consumer durables	Finance	Other	Total
External revenue	57.931.067	24.203.423	12.638.983	16.707.764	5.102.008	116.583.245
Intra segment revenue	10.297.710	2.337.505	233.907	41.998	914.870	13.825.990
Inter segment revenue	114.299	288.422	68.639	88.387	2.497.536	3.057.283
Combined revenue	**68.343.076**	**26.829.350**	**12.941.529**	**16.838.149**	**8.514.414**	**133.466.518**
Combined gross profit	**2.455.632**	**3.239.545**	**4.031.245**	**7.904.135**	**1.464.536**	**19.095.093**
Operating expenses	(1.814.588)	(1.590.455)	(3.036.333)	(3.711.028)	(1.371.904)	(11.524.308)
Other operating income/expenses (net) (1)	(17.360)	(24.644)	(40.111)	(1.144.185)	5.262	(1.221.038)
Combined operating profit	**623.684**	**1.624.446**	**954.801**	**3.048.922**	**97.894**	**6.349.747**
Gains/losses from investment activities (net) (2)	11.744	138	1.948	38.336	490.177	542.343
Financial income/expenses (net)	(449.150)	(314.588)	(261.811)	-	104.071	(921.478)
Combined profit before tax	**186.278**	**1.309.996**	**694.938**	**3.087.258**	**692.142**	**5.970.612**
Tax income/expense (net)	1.259.858	250.446	(95.033)	(622.551)	(120.899)	671.821
Combined net profit for the period	**1.446.136**	**1.560.442**	**599.905**	**2.464.707**	**571.243**	**6.642.433**
Net profit for the period (3)	**592.017**	**647.201**	**235.606**	**823.166**	**412.155**	**2.710.145**

(1) Provisions for loan impairment in Finance sector and the foreign exchange gains/losses and credit finance income/charges arising from trading activities (trade receivables and payables) of Non-Finance sector have been accounted for under "other operating income/expenses" account.

(2) Gain on exchange transaction of Koç Holding amounting to TL299.284 thousand and gain on sale of brand and fixed assets related to Maret segment owned by Tat Gıda amounting to TL151.834 thousand (Note 27) have been accounted for under "gains/losses from investment activities" account of the Other sector.

(3) Represents consolidated net profit attributable to the equity holders of the parent. The effect of gain on exchange transaction of Koç Holding and gain on sale of Maret segment owned by Tat Gıda to consolidated net profit for the period is about TL300 million.

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NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2013	Energy	Automotive	Consumer durables	Finance	Other	Total
External revenue	56.311.014	22.500.807	11.188.293	13.763.044	4.228.448	107.991.606
Intra segment revenue	8.940.242	2.342.077	508.303	10.749	828.862	12.630.233
Inter segment revenue	206.851	271.839	109.487	60.401	2.207.714	2.856.292
Combined revenue	**65.458.107**	**25.114.723**	**11.806.083**	**13.834.194**	**7.265.024**	**123.478.131**
Combined gross profit	**2.961.854**	**3.043.517**	**3.491.517**	**7.555.216**	**1.295.413**	**18.347.517**
Operating expenses	(1.755.377)	(1.425.641)	(2.594.286)	(3.101.545)	(1.212.222)	(10.089.071)
Other operating income/expenses (net) [1]	(752.753)	87.847	260.076	(1.140.146)	47.701	(1.497.275)
Combined operating profit	**453.724**	**1.705.723**	**1.157.307**	**3.313.525**	**130.892**	**6.761.171**
Gains/losses from investment activities (net) [2]	2.817	(3.201)	(1.013)	1.368.131	50.963	1.417.697
Financial income/expenses (net)	(350.897)	(295.057)	(412.295)	-	75.426	(982.823)
Combined profit before tax	**105.644**	**1.407.465**	**743.999**	**4.681.656**	**257.281**	**7.196.045**
Tax income/expense (net)	1.111.176	84.095	(128.873)	(750.243)	(70.907)	245.248
Net profit from discontinued operations [2]	-	-	-	39.569	-	39.569
Combined net profit for the period	**1.216.820**	**1.491.560**	**615.126**	**3.970.982**	**186.374**	**7.480.862**
Net profit for the period [3]	**402.163**	**612.156**	**234.051**	**1.316.714**	**114.629**	**2.679.713**

(1) Provisions for loan impairment in Finance sector and the foreign exchange gains/losses and credit finance income/charges arising from trading activities (trade receivables and payables) of Non-Finance sector have been accounted for under "other operating income/expenses" account.

(2) Due to the sale of Yapı Kredi Sigorta A.Ş. ("YKS") shares owned by Yapı Kredi Bankası, a Joint Venture of the Group, the income statement items of YKS are presented in the "Discontinued operations" line. Gain on sale of Yapı Kredi Bankası from the sale of YKS shares amounting to TL1.324 million has been accounted for under "gains/losses from investment activities" account of the Finance sector.

(3) Represents consolidated net profit attributable to equity holders of the parent. The impact of the gain of Yapı Kredi Bankası from the sale of YKS shares on consolidated net profit for the period is TL412 million.

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NOTE 4 - SEGMENT REPORTING (Continued)

a) Revenue	2014	2013
Energy	68.343.076	65.458.107
Automotive	26.829.350	25.114.723
Consumer durables	12.941.529	11.806.083
Finance	16.838.149	13.834.194
Other	8.514.414	7.265.024
Combined	**133.466.518**	**123.478.131**
Less: Joint Ventures (Note 7.d)	(61.472.584)	(54.141.700)
Less: Consolidation elimination and adjustments	(3.371.502)	(3.154.640)
Consolidated	**68.622.432**	**66.181.791**

b) Operating profit		
Energy	623.684	453.724
Automotive	1.624.446	1.705.723
Consumer durables	954.801	1.157.307
Finance	3.048.922	3.313.525
Other	97.894	130.892
Combined	**6.349.747**	**6.761.171**
Less: Joint Ventures (Note 7.d)	(4.526.961)	(5.050.366)
Add: Net profit shares of Joint Ventures (Note 7.c)	1.416.597	2.015.789
Consolidated	**3.239.383**	**3.726.594**

c) Depreciation and amortisation		
Energy	503.355	481.087
Automotive	759.211	630.306
Consumer durables	356.116	312.211
Finance	279.909	247.423
Other	101.014	102.229
Combined	**1.999.605**	**1.773.256**
Less: Joint Ventures (Note 7.d)	(1.041.148)	(902.537)
Consolidated	**958.457**	**870.719**

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NOTE 4 - SEGMENT REPORTING (Continued)

d) Profit before tax	2014	2013
Energy	186.278	105.644
Automotive	1.309.996	1.407.465
Consumer durables	694.938	743.999
Finance	3.087.258	4.681.656
Other	692.142	257.281
Combined	**5.970.612**	**7.196.045**
Less: Joint Ventures (Note 7.d)	(4.206.202)	(6.156.800)
Add: Net profit shares of Joint Ventures (Note 7.c)	1.416.597	2.015.789
Consolidated	**3.181.007**	**3.055.034**

e) Net profit for the period		
Energy	1.446.136	1.216.820
Automotive	1.560.442	1.491.560
Consumer durables	599.905	615.126
Finance	2.464.707	3.970.982
Other	571.243	186.374
Combined	**6.642.433**	**7.480.862**
Less: Joint Ventures (Note 7.d)	(3.844.748)	(5.496.342)
Add: Net profit shares of Joint Ventures (Note 7.c)	1.416.597	2.015.789
Less: Non-controlling interests	(1.504.137)	(1.320.596)
Consolidated (attributable to the equity holders of the parent)	**2.710.145**	**2.679.713**

f) Capital expenditures		
Energy (*)	3.061.902	3.198.404
Automotive	3.459.416	2.320.274
Consumer durables	463.703	530.096
Finance	438.237	251.563
Other	190.498	130.991
Combined	**7.613.756**	**6.431.328**
Less: Joint Ventures	(3.197.593)	(2.009.707)
Consolidated	**4.416.163**	**4.421.621**

(*) Capital expenditures include foreign exchange losses amounting to TL364.189 thousand capitalised by Tüpraş in 1 January-31 December 2014 period (1 Jan uary-31 December 2013: TL462.300 thousand) regarding the foreign currency borrowings for which no cash out flow has been realised yet. Furthermore, interest payments amounting to TL121.518 thousand have been accounted for under capital expenditures of Tüpraş.

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NOTE 4 - SEGMENT REPORTING (Continued)

g) Total assets	31 December 2014	31 December 2013
Energy	34.872.215	33.891.828
Automotive	19.605.414	16.384.377
Consumer durables	12.648.714	11.963.440
Finance	197.013.756	161.848.308
Other	22.120.608	19.623.387
Combined	**286.260.707**	**243.711.340**
Less: Joint Ventures (Note 7.d)	(215.991.600)	(179.199.170)
Less: Eliminations	(6.328.099)	(5.722.210)
Consolidated	**63.941.008**	**58.789.960**

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2014			31 December 2013		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Cash in hand	-	2.265	2.265	-	2.069	2.069
Cheques received	-	74.785	74.785	-	73.336	73.336
Banks						
- Demand deposits	6.266	409.512	415.778	5.147	224.084	229.231
- Time deposits	1.478	9.257.746	9.259.224	5.223	8.462.006	8.467.229
Other	36.267	119.512	155.779	4.855	120.358	125.213
	44.011	**9.863.820**	**9.907.831**	**15.225**	**8.881.853**	**8.897.078**

As of 31 December 2014, total blocked deposits amounted to TL676.882 thousand (31 December 2013: TL567.010 thousand). The related amount consists of the revenue shares collected by Tüpraş, a Subsidiary of the Group, as indicated in the Petroleum Market License Regulation (31 December 2013: TL566.774 thousand).

NOTE 6 - FINANCIAL ASSETS

	31 December 2014			31 December 2013		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Available-for-sale financial assets	-	217.319	217.319	-	214.657	214.657
	-	**217.319**	**217.319**	**-**	**214.657**	**214.657**

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NOTE 6 - FINANCIAL ASSETS (Continued)

The list of equity securities and the shareholding rates are as follows:

	31 December 2014		31 December 2013	
		(%)		(%)
Listed:				
Altınyunus Çeşme Turistik Tesisler A.Ş.	29.257	30,00	19.957	30,00
	29.257		**19.957**	
Unlisted:				
Opet Aygaz Gayrimenkul A.Ş.	75.306	50,00	45.118	50,00
Makmarin Kaş Marina İşletmeciliği Turizm ve Ticaret A.Ş.	23.642	50,00	23.642	50,00
Setur Antalya Marina İşletmeciliği A.Ş.	22.589	100,00	18.839	100,00
Alaşehir Alkollü İçkiler Sanayi ve Ticaret A.Ş.	21.000	93,00	21.000	93,00
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	17.146	88,00	15.721	88,00
Beldesan Otomotiv Yan San. ve Tic. A.Ş	5.134	91,82	13.067	91,82
Set Air Hava Taşımacılığı ve Hizmetleri A.Ş.	4.037	70,00	4.037	70,00
Körfez Hava Ulaştırma A.Ş.	4.000	100,00	4.000	100,00
Mytilini Marina S.A.	3.194	50,00	1.644	50,00
Ferrocom Madencilik Sanayi ve Ticaret A.Ş.(*)	-	-	33.794	100,00
Other	12.014		13.838	
	188.062		**194.700**	
	217.319		**214.657**	

(*) Ferrocom which was included in the scope of consolidation in 2014, merged with Demir Export on 25 December 2014.

Subsidiaries and joint ventures, in which the Group, together with Koç Family members, have attributable interests of 20% or more but are not material for the consolidated financial statements or the Group does not have a significant influence, are not included in the scope of consolidation and classified as available-for-sale financial assets. These financial assets are measured at fair value or carried at cost less any impairment when fair values cannot be reliably measured.

Total assets, revenues and net profit of the unconsolidated subsidiaries and joint ventures are below 1% of the total consolidated assets, revenues and net profit of the Group.

NOTE 7 - JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

a) The details of carrying values and consolidation rates subject to equity accounting of Joint Ventures are as follows:

	31 December 2014		31 December 2013	
	%	Amount	%	Amount
Koç Finansal Hizmetler	44,12	7.826.469	44,12	7.007.097
Ford Otosan	38,46	1.054.674	38,46	857.255
Tofaş	37,59	842.402	37,59	713.715
Opet	41,33	564.520	41,33	632.408
Türk Traktör	37,50	264.323	37,50	278.744
AES Entek (*)	-	-	49,62	351.817
Other		378.588		209.750
		10.930.976		**10.050.786**

(*) Included in the scope of consolidation as a Subsidiary following the acquisition of the shares held by AES Mont Blanc Holdings B.V. in AES Entek by Koç Holding and Aygaz.

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NOTE 7 - JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

b) The market values (Level 1) of the listed Joint Ventures are as follows:

	31 December 2014	31 December 2013
Yapı Kredi Bankası (*)	21.257.081	16.171.031
Ford Otosan	11.422.121	7.965.657
Tofaş	7.975.000	6.700.000
Türk Traktör	4.101.408	3.282.194
	44.755.610	**34.118.882**

(*) The carrying value of Yapı Kredi Bankası, a listed Joint Venture of the Group, has been presented within Koç Finansal Hizmetler, the parent company of Yapı Kredi Bankası, holding 81,80% of its shares.

c) The movement of Joint Ventures is as follows:

	2014	2013
Beginning of the period - 1 January	**10.050.786**	**9.000.830**
Shares of profit/loss	1.416.597	2.015.789
Shares of other comprehensive income/(loss)	169.433	(447.888)
Dividend income from Joint Ventures	(552.640)	(591.613)
Dividend paid to Joint Ventures	225	144
Contribution to capital increases of Joint Ventures	13.500	67.731
Transfer to Subsidiaries as a result of business combination (Note 3)	(342.024)	-
Transfer to Joint Ventures as a result of business combination (Note 3)	176.343	-
Profit elimination on inventories	(1.244)	5.942
Transactions with non-controlling interests	-	(149)
End of the period - 31 December	**10.930.976**	**10.050.786**

Shares of profit/loss of Joint Ventures:

	2014	2013
Koç Finansal Hizmetler	866.297	1.410.144
Ford Otosan	228.545	246.554
Tofaş	215.842	163.212
Opet	2.502	106.464
Türk Traktör	97.908	104.964
AES Entek	(9.793)	(49.271)
Other	15.296	33.722
	1.416.597	**2.015.789**

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NOTE 7 - JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Shares of other comprehensive income/(loss) of Joint Ventures (*):

	2014	2013
Koç Finansal Hizmetler	96.472	(368.389)
Ford Otosan	36.126	(39.308)
Tofaş	34.980	(44.173)
Opet	1.938	4.123
Türk Traktör	171	(141)
Other	(254)	-
	169.433	**(447.888)**

(*) Shares of other comprehensive income of Joint Ventures amounting to TL169.433 thousand is composed of -TL5.613 thousand (2013: -TL1.841 thousand) of actuarial losses on defined benefit plans, TL184.459 thousand (2013: -TL577.322 thousand) of fair value gains on financial assets, TL19.347 thousand (2013: TL26.690 thousand) of cumulative gains on hedging and -TL28.760 thousand (2013: TL104.585 thousand) of currency translation differences.

Dividend income/(capital increases) from Joint Ventures:

	2014	2013
Koç Finansal Hizmetler	143.398	105.894
Ford Otosan	67.477	115.385
Tofaş	122.160	180.421
Opet	72.328	82.660
Türk Traktör	112.500	75.000
AES Entek	-	(67.731)
Other	21.277	32.253
	539.140	**523.882**

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NOTE 7 - JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

d) Condensed financial information of Joint Ventures after consolidation adjustments is as follows:

Condensed balance sheet information:

31 December 2014	KFS	Ford Otosan	Tofaş	Opet	Türk Traktör	AES Entek	Other	Total
Cash and cash equivalents	28.675.654	577.458	1.686.053	44.159	269.230	-	162.438	31.414.992
Other current assets	8.051.883	2.380.690	1.399.649	2.222.362	1.049.961	-	495.625	15.600.170
Receivables from finance sector operations	133.327.994	-	1.331.295	-	-	-	-	134.659.289
Goodwill	1.283.686	-	-	-	-	-	-	1.283.686
Non-current assets	23.302.468	4.265.048	2.707.287	1.498.627	594.856	665.177	33.033.463	
Total assets	**194.641.685**	**7.223.196**	**7.124.284**	**3.765.148**	**1.914.047**	**-**	**1.323.240**	**215.991.600**
Short-term borrowings	21.972.638	989.955	1.285.683	766.388	216.591	-	77.623	25.308.878
Other current liabilities	13.382.425	1.981.814	2.089.992	1.044.243	521.290	-	301.790	19.321.554
Payables from finance sector operations	113.297.407	-	-	-	-	-	-	113.297.407
Long-term borrowings	22.143.442	1.360.034	1.311.787	736.592	441.661	-	120.000	26.113.516
Other non-current liabilities	2.230.649	148.994	195.651	188.319	29.643	-	68.013	2.861.269
Total liabilities	**173.026.561**	**4.480.797**	**4.883.113**	**2.735.542**	**1.209.185**	**-**	**567.426**	**186.902.624**
Net assets	**21.615.124**	**2.742.399**	**2.241.171**	**1.029.606**	**704.862**	**-**	**755.814**	**29.088.976**
Allocation of net assets:								
Non-controlling interests	3.877.068	-	-	-	-	-	-	3.877.068
Equity holders of the parent	**17.738.056**	**2.742.399**	**2.241.171**	**1.029.606**	**704.862**	**-**	**755.814**	**25.211.908**
Reconciliation of carrying value:								
Ownership of the Group	*44,12%*	*38,46%*	*37,59%*	*41,33%*	*37,50%*	-		
Net asset share of the Group	7.826.469	1.054.674	842.402	425.536	264.323	-	378.588	10.791.992
Goodwill carried at Group level	-	-	-	138.984	-	-	-	138.984
Carrying value	**7.826.469**	**1.054.674**	**842.402**	**564.520**	**264.323**	**-**	**378.588**	**10.930.976**

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NOTE 7 - JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Condensed balance sheet information:

31 December 2013	**KFS**	**Ford Otosan**	**Tofaş**	**Opet**	**Türk Traktör**	**AES Entek**	**Other**	**Total**
Cash and cash equivalents	25.929.503	238.128	1.673.250	99.818	209.323	33.797	111.840	28.295.659
Other current assets	6.368.647	2.205.303	1.067.422	2.427.500	876.390	58.129	694.978	13.698.369
Receivables from finance sector operations	106.140.581	-	1.201.883	-	-	-	-	107.342.464
Goodwill	1.283.686	-	-	-	-	184.597	-	1.468.283
Non-current assets	20.350.759	3.540.021	1.985.647	1.250.498	408.900	607.096	251.474	28.394.395
Total assets	**160.073.176**	**5.983.452**	**5.928.202**	**3.777.816**	**1.494.613**	**883.619**	**1.058.292**	**179.199.170**
Short-term borrowings	17.687.633	1.071.563	1.003.345	1.084.770	14.703	36.473	254.881	21.153.368
Other current liabilities	10.596.034	1.325.424	1.562.367	933.918	371.109	56.100	275.264	15.120.216
Payables from finance sector operations	91.860.336	-	-	-	-	-	-	91.860.336
Long-term borrowings	18.718.823	1.219.653	1.280.886	498.796	333.888	112.851	95.000	22.259.897
Other non-current liabilities	1.866.289	137.751	182.801	66.467	31.596	64.046	15.005	2.363.955
Total liabilities	**140.729.115**	**3.754.391**	**4.029.399**	**2.583.951**	**751.296**	**269.470**	**640.150**	**152.757.772**
Net assets	**19.344.061**	**2.229.061**	**1.898.803**	**1.193.865**	**743.317**	**614.149**	**418.142**	**26.441.398**
Allocation of net assets:								
Non-controlling interests	3.463.045	-	-	-	-	-	-	3.463.045
Equity holders of the parent	**15.881.016**	**2.229.061**	**1.898.803**	**1.193.865**	**743.317**	**614.149**	**418.142**	**22.978.353**
Reconciliation of carrying value:								
Ownership of the Group	*44,12%*	*38,46%*	*37,59%*	*41,33%*	*37,50%*	*49,62%*		
Net asset share of the Group	7.007.097	857.255	713.715	493.424	278.744	304.740	209.750	9.864.725
Goodwill carried at Group level	-	-	-	138.984	-	47.077	-	186.061
Carrying value	**7.007.097**	**857.255**	**713.715**	**632.408**	**278.744**	**351.817**	**209.750**	**10.050.786**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

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NOTE 7- JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Condensed income statement information:

1 January - 31 December 2014	**KFS**	**Ford Otosan**	**Tofaş**	**Opet**	**Türk Traktör AES**	**Entek**	**Other**	**Total**
Revenue	16.370.817	11.924.837	7.621.274	20.831.160	2.723.318	395.271	1.605.907	61.472.584
Depreciation and amortisation	279.009	300.595	298.609	76.370	34.062	15.418	37.085	1.041.148
Operating profit / (loss)	2.966.683	541.117	533.039	134.073	301.454	(6.003)	56.598	4.526.961
Net financial income / (expenses)	-	(147.937)	(60.786)	(107.335)	(9.698)	(13.737)	(16.635)	(356.128)
Profit / (loss) before tax	3.004.985	389.826	472.253	25.913	293.447	(19.740)	39.518	4.206.202
Net profit / (loss) for the period	2.400.270	594.270	574.238	6.053	261.087	(19.736)	28.566	3.844.748
Non-controlling interests	436.878	-	-	-	-	-	-	436.878
Equity holders of the parents	**1.963.392**	**594.270**	**574.238**	**6.053**	**261.087**	**(19.736)**	**28.566**	**3.407.870**
Ownership of the Group	*44,12%*	*38,46%*	*37,59%*	*41,33%*	*37,50%*	*49,62%*		
Net profit/(loss) share of the Group	**866.297**	**228.545**	**215.842**	**2.502**	**97.908**	**(9.793)**	**15.296**	**1.416.597**

1 January - 31 December 2013	**KFS**	**Ford Otosan**	**Tofaş**	**Opet**	**Türk Traktör AES**	**Entek**	**Other**	**Total**
Revenue	13.416.633	11.404.913	7.215.937	17.845.630	2.175.320	341.534	1.741.733	54.141.700
Depreciation and amortisation	246.351	184.962	324.276	67.300	24.627	25.033	29.988	902.537
Operating profit / (loss)	3.234.839	669.643	373.603	367.383	349.220	(69.488)	125.166	5.050.366
Net financial income / (expenses)	-	(213.214)	103.257	(54.197)	(29.146)	(31.486)	(31.720)	(256.506)
Profit / (loss) before tax	4.602.913	451.730	477.075	313.750	320.255	(100.703)	91.780	6.156.800
Net profit / (loss) for the period	3.910.009	641.097	434.218	257.594	279.905	(99.297)	72.816	5.496.342
Non-controlling interests	714.032	-	-	-	-	-	714.032	
Equity holders of the parents	**3.195.977**	**641.097**	**434.218**	**257.594**	**279.905**	**(99.297)**	**72.816**	**4.782.310**
Ownership of the Group	*44,12%*	*38,46%*	*37,59%*	*41,33%*	*37,50%*	*49,62%*		
Net profit/(loss) share of the Group	**1.410.144**	**246.554**	**163.212**	**106.464**	**104.964**	**(49.271)**	**33.722**	**2.015.789**

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NOTE 7- JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

e) Other significant matters regarding the Joint Ventures are as follows:

i) The tax audit reports related with 2008-2012 financial years that have been prepared following a tax inspection in Tofaş, a Joint Venture of the Group, were delivered to the Company in December 2013 and in April 2014 by the Presidency of Tax Audit Committee of Istanbul Large Scaled Tax Payers. In these tax audit reports, some payments made to foreign based tax payer institutions were criticised in terms of VAT and withholding tax. In accordance with the tax audit reports, Tofaş was obliged to pay a total of TL40,8 million tax base and TL64,8 million tax penalty for the years 2008-2012.

According to the management of Tofaş, practices subject to criticism are in compliance with the related regulations and international agreements regarding the prevention of double taxation. Tofaş is planning to claim all its legal rights including settlement and all other legal processes with regard to these reports. In case of a possible legal process, it is expected that the outcome is more likely to result in favour of Tofaş, therefore no provision was recognised in the financial statements of Tofaş.

ii) Ford Otosan, a Joint Venture of the Group, obtained "Large Scale Investment Incentive Certificate within the scope of the "Council of Ministers decision on Government Incentives on Investments" amounting to TL1.342.220 thousand in December 2010, for its New Generation Transit model and for its new product Transit Custom model. The incentive certificate has a 30% contribution rate and TL559.295 thousand of capital expenditure has been realised within the scope of this incentive as of the balance sheet date (31 December 2013: TL559.295).

In accordance with "Council of Ministers decision on Government Incentives on Investments" for rearranging investment incentive system which was published on Official Gazette as of 19 June 2012, Ford Otosan has reconsidered its ongoing investments and obtained Priority Investment Incentive Certificates amounting to TL1.194.398 thousand for the New Generation Transit investment mentioned above and TL697.394 thousand for the new model Transit Courier which will be produced in light commercial vehicle segment. In addition to the vehicle investments, Priority Investment Incentive Certificate amounting to TL187.379 thousand has been obtained in 2013 for the production of new 6 and 4 cylinder engines. Within the scope of these incentives having 40% rate of contribution for the investment, TL1.720.869 thousand of capital expenditure has been incurred as of the balance sheet date.

As of 31 December 2014, Ford Otosan accounted for TL665.295 thousand deferred tax asset regarding the investment incentives (31 December 2013: TL405.776 thousand).

iii) The settlement process related to the tax reports and tax fine notices arising from the tax inspection at Opet, a Joint Venture of the Group, started by the Ministry of Finance Tax Audit Board in 2013, was completed on 26 February 2015. In accordance with the amounts settled, a provision amounting to TL30 million has been accounted for in the financial statements of Opet as of the balance sheet date.

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Trade receivables	31 December 2014	31 December 2013
Trade receivables	4.810.281	6.032.981
Notes and cheques receivable	2.171.846	2.194.422
Less: Provision for doubtful receivables	(191.217)	(197.861)
Less: Unearned finance income	(31.397)	(39.956)
	6.759.513	**7.989.586**
Due from related parties (Note 29)	340.246	503.779
	7.099.759	**8.493.365**
Short-term trade receivables	6.792.258	8.167.354
Long-term trade receivables	307.501	326.011
	7.099.759	**8.493.365**

Tüpraş, a Subsidiary of the Group, has offset TL2.276.683 thousand (31 December 2013: TL1.609.499 thousand) from its trade receivables that are collected from factoring companies as a part of irrevocable factoring agreements as of 31 December 2014.

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movement in the provision for doubtful receivables is as follows:

	2014	2013
Beginning of the period - 1 January	**197.861**	**165.941**
Increases during the period	27.143	30.768
Collections	(8.357)	(4.646)
Business combinations [1]	726	-
Write-offs [2]	(27.141)	(2.674)
Sale of a subsidiary [3]	-	(264)
Currency translation differences	985	8.736
End of the period - 31 December	**191.217**	**197.861**

(1) Resulted from the acquisition of Moova by Tat Gıda.
(2) Doubtful receivables, for which no possibility of collection is foreseen, are written off from the records along with their related provisions.
(3) Resulted from the sale of Tat Tohumculuk shares in 2013.

Trade payables	31 December 2014	31 December 2013
Trade payables	8.483.025	9.137.674
Less: Unearned finance expense	(11.071)	(10.330)
	8.471.954	**9.127.344**
Due to related parties (Note 29)	666.289	850.864
	9.138.243	**9.978.208**

NOTE 9 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	31 December 2014	31 December 2013
Performing loans	2.299.918	1.730.665
Loans under legal follow-up	59.250	51.778
Gross	**2.359.168**	**1.782.443**
Less: Provision for impairment	(46.892)	(43.125)
Net	**2.312.276**	**1.739.318**
Short-term receivables from finance sector operations	1.161.639	868.437
Long-term receivables from finance sector operations	1.150.637	870.881
	2.312.276	**1.739.318**

Movement of provision for impairment is as follows:

	2014	2013
Beginning of the period - 1 January	**43.125**	**22.767**
Increase in provisions for loan impairment	19.842	23.424
Recoveries of amounts previously provisioned	(3.756)	(2.985)
Releases due to the sale of non-performing loan portfolio	(12.319)	-
Write-offs during the period as uncollectible	-	(81)
End of the period - 31 December	**46.892**	**43.125**

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NOTE 10 - DERIVATIVE INSTRUMENTS

As of 31 December 2014 and 2013 breakdown of the derivative financial instruments is as follows;

	31 December 2014		31 December 2013	
	Asset	Liability	Asset	Liability
Derivatives held for trading	96.713	3.811	6.651	66.909
Derivatives held for hedging	19.349	559	60.017	6.041
	116.062	**4.370**	**66.668**	**72.950**

	31 December 2014			31 December 2013		
		Fair values			Fair values	
	Contract amount (*)	Asset	Liability	Contract amount (*)	Asset	Liability
Derivatives held for trading:						
Currency forwards	4.110.475	69.613	956	1.572.914	817	10.054
Cross-currency fixed interest rate swaps	1.631.796	17.803	-	1.583.318	-	51.180
Currency swaps	1.312.881	9.297	2.855	866.714	5.834	5.675
	7.055.152	**96.713**	**3.811**	**4.022.946**	**6.651**	**66.909**
Derivatives held for hedging:						
Interest rate swaps	2.318.900	-	559	926.628	-	6.041
Operating lease receivables	309.724	11.875	-	271.582	44.318	-
Currency swaps	299.312	7.130	-	204.359	15.106	-
Currency forwards	14.567	344	-	9.376	593	-
	2.942.503	**19.349**	**559**	**1.411.945**	**60.017**	**6.041**

(*) Refers to the aggregate contract amounts of buy and sell legs of the related derivative instruments.

Derivatives held for trading:

Certain derivative transactions, even though providing effective economic hedges under the Group risk management position, do not qualify for hedge accounting under the specific rules, and are therefore accounted for as derivatives held for trading in the consolidated financial statements.

"Cross currency fixed interest rate swaps" classified under derivative assets held for trading include the transaction of Arçelik, a Subsidiary of the Group , amounting to EUR 202,8 million in exchange for USD270 million with an interest rate of 4,65% and GBP57,5 million in exchange for USD90 million with an interest rate of 5% in April 2013 for the purpose of hedging against currency risk to ensure the correspondence of capital and interest payments of its bond issue denominated in USD (Note 16) with significant foreign currencies in which foreign sales and collections are performed.

Derivatives held for hedging:

Derivative transactions, that meet specified hedge accounting requirements, are accounted for as derivatives held for hedging.

a. Fair value hedge:

Otokoç, a Subsidiary of the Group, hedges its foreign exchange risk on commitments to provide operational leasing services resulting from off-balance sheet foreign currency denominated operating lease receivables (hedged item) with foreign currency denominated loans (hedging instrument). Fair value changes resulting from the exchange risk of the hedged item has been accounted for under "derivatives held for hedging" as an asset or liability on the balance sheet and as financial income/ expenses in the statement of income. As of 31 December 2014, total foreign exchange losses related to the hedged item accounted for under "financial income/ expenses" amounted to TL32.443 thousand (2013: TL37.237 thousand foreign exchange gain).

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NOTE 10 - DERIVATIVE INSTRUMENTS (Continued)

b. Cash flow hedges:

Tüpraş, a Subsidiary of the Group, has entered into interest rate swap agreements with a total amount of USD500 million in order to hedge the cash flow risk arising from its long term floating rate loans. Within the scope of the aforementioned interest rate swap transactions, TL447 thousand (2013: None) net interest expense after tax has been accounted for under "cumulative gains/losses on hedging" in the statement of other comprehensive income in 2014.

EYAŞ, a Subsidiary of the Group, had interest rate swap transactions amounting to USD217 million in order to hedge the cash flow risk arising from the floating rate loan obtained for the acquisition of 51% of the shares of Tüpraş as of 2013 year end. This interest rate swap transaction was redeemed in 2014. Accordingly, net interest expense after tax on the cash flow hedge, which is reclassified from the comprehensive statement of income to the statement of income of 2014, amounted to TL6.041 thousand (2013: net interest expense after tax reclassified from the statement of comprehensive income to the statement of income amounted to TL13.182 thousand. Net interest expense after tax accounted for under the "cumulative gains/losses on hedging" account amounted to TL3.746 thousand.)

Koç Finansman, a Subsidiary of the Group, funds a portion of its long term fixed interest rate TL loan portfolio with long term foreign currency funds obtained from international markets. The Company hedges its exchange rate risk arising on the principal repayments of foreign currency denominated borrowings at maturity by using currency swaps and currency forwards. Net foreign exchange losses after tax accounted for under the "Cumulative gains/losses on hedging" in the statement of comprehensive income for the year 2014 regarding the foreign exchange swap transactions and foreign exchange forward transactions amounted to TL49 thousand (2013: TL2.112 thousand foreign exchange gain after tax).

c. Net investment hedges in a foreign operation:

Arçelik, a Subsidiary of the Group, designated some portion of its EUR denominated bank loans as a hedging instrument in order to hedge the foreign currency risk arising from the translation of net assets of part of its subsidiaries operating in Europe from EUR to Turkish Lira. As of 31 December 2014, EUR150 million of bank borrowings was designated as a net investment hedging instrument (31 December 2013: EUR328,8 million). Net foreign exchange losses after tax accounted for under "cumulative gains/losses on hedging" in the statement of other comprehensive income of 2014 amounted to TL5.668 thousand (2013: TL153.804 thousand foreign exchange loss after tax).

NOTE 11 - INVENTORIES

	31 December 2014	31 December 2013
Finished goods	1.785.703	2.069.884
Raw materials and supplies	1.776.776	1.924.792
Work in progress	574.609	788.585
Merchandise	684.173	657.299
Goods in transit	695.370	1.050.653
Other inventories	104.383	113.689
Less: Provision for impairment	(155.146)	(64.723)
	5.465.868	**6.540.179**

Movement of provision for impairment on inventories is as follows:

	2014	2013
The beginning of the period - 1 January	64.723	67.743
Increases during the period	97.604	3.379
Reversal of provisions	(6.872)	(7.603)
Currency translation differences	(309)	1.204
End of the period - 31 December	**155.146**	**64.723**

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NOTE 12 - INVESTMENT PROPERTIES

	2014	2013
As of 1 January		
Cost	172.424	168.993
Accumulated depreciation	(85.566)	(82.058)
Net book value	**86.858**	**86.935**
Net book value at the beginning of the period	**86.858**	**86.935**
Additions from exchange transaction (1)	337.840	-
Additions	76	121
Disposals	(11.105)	-
Transfers (2)	(170.506)	-
Currency translation differences	(278)	1.410
Current period depreciation	(3.830)	(1.608)
Net book value at the end of the period	**239.055**	**86.858**
As of 31 December		
Cost	325.785	172.424
Accumulated depreciation	(86.730)	(85.566)
Net book value	**239.055**	**86.858**

(1) In accordance with the Property Sales Commitment and Flat-For-Land Contract signed between Koç Holding and KİPTAŞ İstanbul Konut İmar Plan Turizm Ulaşım Sanayi ve Ticaret A.Ş. (KİPTAŞ) to realize a joint project which envisaged the construction of a property, 60% of which was to be allocated to KİPTAŞ and 40% of which was to be allocated to Koç Holding, on the land owned by Koç Holding in Zeytinburnu, Istanbul with a total acreage of 63.225 m2. Within the scope of this project, 7 Blocks comprising 226 apartments and 14 commercial areas in the Commercial Block were delivered to Koç Holding on 25 June 2014.

The initial recognition of the delivered property was accounted with fair value (Level 2) amounting to TL337.840 thousand, which was measured by an independent valuation company according to the sales comparison approach within the framework of the capital market regulations.

Gain on exchange transaction resulting from the difference between the part delivered to Koç Holding within the scope of the project and the value of the land which was derecognised from Koç Holding's assets has been accounted for under "gains from investment activities" (Note 27).

Furthermore, 65 residence apartments, 4 commercial areas in the Office Block and 24 office areas which are included in the scope of the project are expected to be delivered by the end of 2015.

(2) The part amounting to TL170.506 thousand (138 apartments) of the property delivered within the scope of the project realised jointly with KİPTAŞ has been transferred to assets held for sale since they are intended to be sold in the short term (Note 23).

The fair value of the investment property, the net book value of which is TL239.055 thousand, is TL276.817 thousand as of 31 December 2014.

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture fixtures	Constructions and progress	Leasehold in improvements	Total
As of 1 January 2014								
Cost	2.868.072	1.405.300	9.456.790	1.887.893	679.805	5.094.959	313.672	21.706.491
Accumulated depreciation	(452.352)	(506.470)	(4.826.417)	(448.541)	(420.768)	-	(179.197)	(6.833.745)
Net book value	**2.415.720**	**898.830**	**4.630.373**	**1.439.352**	**259.037**	**5.094.959**	**134.475**	**14.872.746**
Net book value at the beginning of the period	**2.415.720**	**898.830**	**4.630.373**	**1.439.352**	**259.037**	**5.094.959**	**134.475**	**14.872.746**
Business combinations (Note 3)	117.525	19.782	261.257	37	625	227	677	400.130
Additions [(1)]	6.229	29.946	217.354	1.090.086	54.663	2.800.321	19.650	4.218.249
Changes in the scope of consolidation [(2)]	-	-	-	42.782	62	-	-	42.844
Disposals	(3.998)	(688)	(18.371)	(546.500)	(2.760)	(16.823)	(2.930)	(592.070)
Transfers [(3)]	139.093	71.654	371.529	73.998	45.623	(740.653)	4.368	(34.388)
Currency translation differences	(718)	(45.850)	(33.474)	(445)	(810)	(27)	3.292	(78.032)
Current period depreciation	(75.003)	(35.731)	(478.110)	(105.845)	(81.156)	-	(18.340)	(794.185)
Net book value at the end of the period	**2.598.848**	**937.943**	**4.950.558**	**1.993.465**	**275.284**	**7.138.004**	**141.192**	**18.035.294**
31 December 2014								
Cost	3.136.489	1.452.385	10.311.776	2.478.899	765.398	7.138.004	335.256	25.618.207
Accumulated depreciation	(537.641)	(514.442)	(5.361.218)	(485.434)	(490.114)	-	(194.064)	(7.582.913)
Net book value	**2.598.848**	**937.943**	**4.950.558**	**1.993.465**	**275.284**	**7.138.004**	**141.192**	**18.035.294**

(1) Tüpraş, a Subsidiary of the Group, compared borrowing costs arising from foreign currency borrowings for Residuum Upgrading Project with TL benchmark interest rates and capitalised TL1.079.536 thousand of borrowing costs in accordance with cumulative method under constructions in progress account for the year ended 31 December 2014 (31 December 2013: TL593.829 thousand).
(2) Resulted from the addition of Set Auto in the scope of consolidation.
(3) Includes transfers amounting to TL34.388 thousand to intangible assets (Note 14).

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture fixtures	Constructions and progress	Leasehold in improvements	Total
As of 1 January 2013								
Cost	2.790.526	1.326.025	8.909.176	1.576.402	620.955	2.530.121	297.537	18.050.742
Accumulated depreciation	(386.975)	(466.720)	(4.468.485)	(411.136)	(371.443)	-	(164.768)	(6.269.527)
Net book value	**2.403.551**	**859.305**	**4.440.691**	**1.165.266**	**249.512**	**2.530.121**	**132.769**	**11.781.215**
Net book value at the beginning of the period	**2.403.551**	**859.305**	**4.440.691**	**1.165.266**	**249.512**	**2.530.121**	**132.769**	**11.781.215**
Additions	3.203	23.628	299.644	762.295	51.751	3.063.061	24.799	4.228.381
Disposals	(6.109)	(2.967)	(5.922)	(415.479)	(2.632)	(7.434)	(5.015)	(445.558)
Transfers (1)	89.559	32.624	305.119	12.434	36.012	(495.843)	2.714	(17.381)
Sale of a subsidiary (2)	(1.912)	(1.217)	(1.045)	(121)	(269)	-	-	(4.564)
Currency translation differences	997	23.701	32.409	1.854	1.265	5.054	316	65.596
Current period depreciation	(73.569)	(36.244)	(440.523)	(86.897)	(76.602)	-	(21.108)	(734.943)
Net book value at the end of the period	**2.415.720**	**898.830**	**4.630.373**	**1.439.352**	**259.037**	**5.094.959**	**134.475**	**14.872.746**
31 December 2013								
Cost	2.868.072	1.405.300	9.456.790	1.887.893	679.805	5.094.959	313.672	21.706.491
Accumulated depreciation	(452.352)	(506.470)	(4.826.417)	(448.541)	(420.768)	-	(179.197)	(6.833.745)
Net book value	**2.415.720**	**898.830**	**4.630.373**	**1.439.352**	**259.037**	**5.094.959**	**134.475**	**14.872.746**

(1) Includes transfers amounting to TL9.251 thousand from intangible assets (Note 14) and TL26.632 thousand to assets held for sale (Note 23).
(2) Resulted from the sale of Tat Tohumculuk shares.

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NOTE 14 - INTANGIBLE ASSETS

	Rights	Brand	Development Costs	Other [1]	Total
1 January 2014					
Cost	814.743	480.558	705.526	62.110	2.062.937
Accumulated amortisation	(376.770)	-	(295.059)	(26.329)	(698.158)
Net book value	**437.973**	**480.558**	**410.467**	**35.781**	**1.364.779**
Business combinations (Note 3)	-	-	361	319.497	319.858
Additions	34.735	-	119.508	43.596	197.839
Disposals	(3.235)	-	-	-	(3.235)
Transfers [2]	17.378	-	57.042	(40.032)	34.388
Currency translation differences	224	(13.812)	7.526	1.977	(4.085)
Changes in the scope of consolidation [3]	61.803	-	-	-	61.803
Current period amortisation	(45.723)	-	(115.436)	(721)	(161.880)
Net book value at the end of the period	**503.155**	**466.746**	**479.468**	**360.098**	**1.809.467**
31 December 2014					
Cost	928.614	466.746	882.587	394.080	2.672.027
Accumulated amortisation	(425.459)	-	(403.119)	(33.982)	(862.560)
Net book value	**503.155**	**466.746**	**479.468**	**360.098**	**1.809.467**

(1) TL319.417 thousand of intangible assets classified under Other account includes electricity production licences of AES Entek.
(2) Includes transfers from property, plant and equipment.
(3) Resulted from the addition of Set Auto and Ferrocom in the scope of consolidation.

Total research and development expenditures incurred in 2014 excluding amortisation amounts to TL174.849 thousand (2013: TL161.739 thousand).

The net book value of intangible assets with indefinite useful lives amounts to TL466.746 thousand and consists of brands (2013: TL480.558 thousand). The useful lives of the related brands are assessed as indefinite, since there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group. The original currency amounts of the related brands are identical with the prior year whereas the change in the net book value of the related brands arises only from currency translation difference.

Brand impairment test

As of 31 December 2014, the brands of Arçelik, a Subsidiary of the Group, with indefinite useful lives have been tested for impairment using the royalty relief method. Sales forecasts, considered in the determination of the brand value, are based on the financial plans approved by the management covering a three to five year period. Beyond the three to five year period, sales forecasts are extrapolated 3% expected growth rate. The royalty income is estimated using these sales forecasts and royalty rates of 2% to 3%. Estimated royalty income with the aforementioned method has been discounted using 8,5% to 10,1% discount rates after tax.

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NOTE 14 - INTANGIBLE ASSETS (Continued)

	Rights	Brand	Development Cost	Other	Total
1 January 2013					
Cost	762.150	434.267	552.969	75.987	1.825.373
Accumulated depreciation	(326.092)	-	(196.856)	(22.819)	(545.767)
Net book value	**436.058**	**434.267**	**356.113**	**53.168**	**1.279.606**
Additions	31.749	-	112.222	49.147	193.118
Disposals	(2.435)	-	-	(12)	(2.447)
Transfers (*)	16.082	-	40.335	(65.668)	(9.251)
Currency translation differences	1.440	46.291	-	87	47.818
Current period amortisation	(44.921)	-	(98.203)	(941)	(144.065)
Net book value at the end of the period	**437.973**	**480.558**	**410.467**	**35.781**	**1.364.779**
31 December 2013					
Cost	814.743	480.558	705.526	62.110	2.062.937
Accumulated depreciation	(376.770)	-	(295.059)	(26.329)	(698.158)
Net book value	**437.973**	**480.558**	**410.467**	**35.781**	**1.364.779**

(*) Includes transfers to property, plant and equipment.

NOTE 15 - GOODWILL

	2014	2013
Net book value at the beginning of the period - 1 January	**2.909.169**	**2.913.543**
Currency translation differences	(3.511)	(4.374)
Net book value at the end of the period - 31 December	**2.905.658**	**2.909.169**

The allocation of the goodwill is as follows:

	31 December 2014	31 December 2013
Tüpraş	2.736.463	2.736.463
Defy Group	162.768	166.154
Other	6.427	6.552
	2.905.658	**2.909.169**

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NOTE 15- GOODWILL (Continued)

Goodwill impairment tests:

The Group assesses goodwill allocated to cash-generating units for impairment annually or more frequently when there is an indication of impairment as indicated in Note 2.4.17. The recoverable amount of a cash generating unit is determined by calculating the value in use or fair value less costs to sell calculations.

As specified below in details, no impairment has been identified as of 31 December 2014 as a result of the impairment tests realised on the basis of cash generating units.

a) Tüpraş

The recoverable amount of the cash generating unit is determined using discounted cash flow analyses based on fair value less costs to sell calculations. These fair value calculations include shareholders cash flow projections denominated in USD and are based on the financial plans approved by Tüpraş management covering eleven years period. The Group considers that, the analysis covering a period longer than five years is more appropriate as to evaluate operating results and prospective assumptions in the sector and therefore impairment test is based on eleven years plans. The cash flows for the periods beyond eleven years are extrapolated using the long term growth rate of 2%.

Other key assumptions used in the fair value calculation model are stated below:

Gross profit margin	6,8% - 9,0%
Discount rate (cost of equity)	9,8% - 13,7%

b) Defy Group

The recoverable amount of the goodwill has been determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows to be generated by the cash-generating unit. The projection period for the purposes of goodwill impairment testing is taken as 5 years between 1 January 2015 and 31 December 2019. Cash flows for further periods were extrapolated using a constant growth rate of 3,0% which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 9,0% - 10,1% is used as after tax discount rate in order to calculate the recoverable amount of the unit. The post-tax rate was adjusted considering the tax cash outflows, other future tax cash flows and differences between the cost of the assets and their tax bases.

NOTE 16 - BORROWINGS

	31 December 2014			31 December 2013		
	Finance	**Non-Finance**	**Total**	**Finance**	**Non-Finance**	**Total**
Short-term borrowings (*):						
Bank borrowings	854.045	3.963.715	4.817.760	578.621	3.669.104	4.247.725
Debt securities in issue	266.408	261.175	527.583	349.970	80.286	430.256
Factoring payables	-	57.237	57.237	-	9.092	9.092
Financial leasing payables	-	17.112	17.112	-	5.013	5.013
	1.120.453	**4.299.239**	**5.419.692**	**928.591**	**3.763.495**	**4.692.086**
Long-term borrowings:						
Bank borrowings	717.529	7.745.424	8.462.953	391.287	7.264.597	7.655.884
Debt securities in issue	305.000	5.523.098	5.828.098	255.000	4.364.828	4.619.828
Financial leasing payables	-	110.147	110.147	-	112.885	112.885
	1.022.529	**13.378.669**	**14.401.198**	**646.287**	**11.742.310**	**12.388.597**
	2.142.982	**17.677.908**	**19.820.890**	**1.574.878**	**15.505.805**	**17.080.683**

(*) Includes short-term portion of long term borrowings.

Long-term debt securities issued:

2014:

Koç Finansman, a Subsidiary of the Group, has bond issues with a nominal value of TL305 million and maturity of 24 months, coupon payments in every 6 months, principle and coupon payments at the end of maturity and an annual interest rates between 9,15% and 11,58%.

Arçelik, a Subsidiary of the Group, completed the bond issue, quoted on the Irish Stock Exchange, with a nominal value of EUR350 million, maturity of 7 years, coupon payment in each year, principle and coupon payment at the end of maturity and an annual interest rate of 4% on 16 September 2014.

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NOTE 16 - BORROWINGS (Continued)

Tat Gıda, a Subsidiary of the Group, completed the bond issue with a nominal value of TL50 million and maturity of 2 years, coupon payments in every 6 months, principle and coupon payments at the end of maturity and an annual interest rate of 9,68 % on 25 December 2014.

2013 and before

Tat Gıda, a Subsidiary of the Group, completed the bond issue with a nominal value of TL50 million, maturity of 2 years, coupon payment in every 6 months, principle and coupon payments at the end of maturity and an annual interest rate of 7,31% on 14 March 2013.

Arçelik, a Subsidiary of the Group, completed the bond issue, quoted on the Irish Stock Exchange, with a nominal value of USD500 million, maturity of 10 years, coupon payment in every 6 months, principle and coupon payment at the end of maturity and an annual interest rate of 5,125% on 3 April 2013.

Aygaz, a Subsidiary of the Group, completed the bond issue with a nominal value of TL150 million, maturity of 700 days, coupon payment in every 175 days, principle and coupon payment at the end of maturity and an annual interest rate of 7,128% on 18 April 2013.

Koç Holding completed the bond issue, quoted on the Irish Stock Exchange, with a nominal value of USD750 million, maturity of 7 years, coupon payment in every 6 months, principal and coupon payment at the end of maturity and an annual interest rate of 3,568% on 24 April 2013.

Setur, a Subsidiary of the Group, completed the bond issue with a nominal value of TL35 million, maturity of 2 years, coupon payment in every 6 months, principle payment and coupon payment at the end of maturity and annual interest rate of 11,33% on 28 August 2013.

Tüpraş completed the bond issue, quoted on the London Stock Exchange, with a nominal value of USD700 million, maturity of 5,5 years, coupon payment in every 6 months and principal and coupon payment at the end of maturity and an annual interest rate of 4,168% on 2 November 2012.

As of 31 December 2013, Koç Finansman, a Subsidiary of the Group, has bond issues with a nominal value of TL255 million, maturities between 23 and 24 months, principle and coupon payments at the end of maturity and annual interest rates between 6,57% and 9,74%.

Other major long term borrowings:

Following the principal payments of the loan obtained in 2006 in order to finance the acquisition cost of Tüpraş shares, amounting to USD1.800 million from a consortium comprising of Akbank T.A.Ş. Malta Branch, Türkiye Garanti Bankası A.Ş. Luxembourg Branch, Türkiye İş Bankası A.Ş. Bahrain Offshore Branch, Standard Bank Plc., Türkiye Vakıflar Bankası T.A.O. Bahrain Offshore Branch and Türkiye Halk Bankası A.Ş. with a maturity of 10 years and bearing an interest rate of Libor+2,3 until 2013 and an interest rate of Libor+2,8 thereafter; the remaining balance of related loan decreased to USD248,1 million as of 31 December 2014.

Tüpraş, a Subsidiary of the Group, signed three different loan agreements regarding the financing of the Fuel Oil Conversion Project in 2011. Tüpraş commenced to utilize the related loans in 2011 and continued to utilize in 2012 and in 2014. The two tranches of the financing package; USD1.111,8 million insured by the Spanish export credit Agency (CESCE) and USD624,3 million insured by the Italian export credit agency (SACE) are non-recourse loans for 4 years (interest accruals of related loans are added on their principal balances) and with a maximum 12 years maturity date. The third tranche, USD359 million, is also a non-recourse loan for 4 years with a maximum 7 years maturity date. The loan amounts of CESCE and SACE have been decreased respectively to USD1.078,5 million and USD597,4 million with letter on 24 October 2013 and these amounts have been valid as of 26 November 2013. As of 31 December 2014, the amount of loan utilised for insurance payments and capital expenditures is USD1.984,5 million (31 December 2013: USD1.742,8 million).

The details of collaterals, mortgages and pledges given related to the loans of the Group are disclosed in Note 32.

The redemption schedule of long-term bank borrowings is as follows:

	31 December 2014	31 December 2013
1-2 years	3.713.476	3.746.055
2-3 years	1.756.485	1.038.290
3-4 years	2.575.067	731.274
4-5 years	611.334	2.244.756
5 years and over	5.744.836	4.628.222
	14.401.198	**12.388.597**

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NOTE 17 - TAX ASSETS AND LIABILITIES

	31 December 2014	31 December 2013
Current income tax liabilities		
Domestic	200.596	194.536
Foreign	18.154	19.648
Less: Prepaid income tax	(178.255)	(170.325)
Current income tax liabilities (net)	**40.495**	**43.859**
Deferred tax liabilities		
Domestic	(285.722)	(196.957)
Foreign	(133.248)	(127.451)
	(418.970)	**(324.408)**
Deferred tax assets		
Domestic	2.472.140	1.163.256
Foreign	56.076	70.178
	2.528.216	**1.233.434**
Deferred tax assets (net)	**2.109.246**	**909.026**

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax liabilities, as reflected in consolidated financial statements, have been calculated on a separate-entity basis.

The corporation tax rate is 20% in Turkey. Corporation tax is payable on the total income of the company after adjusting for certain disallowable expenses, income not subject to tax and allowances.

Income tax expenses in the consolidated income statements are summarised as follows:

	2014	2013
Current period tax expense	(220.002)	(253.016)
Deferred tax income (net)	1.253.277	1.198.291
	1.033.275	945.275
Profit before tax	**3.181.007**	**3.055.034**
Less: Share of profit/(loss) of Joint Ventures	(1.416.597)	(2.015.789)
Profit before tax (excluding share of profit/(loss) of Joint Ventures)	**1.764.410**	**1.039.245**
Domestic tax rate	20%	20%
Tax calculated at domestic tax rate	352.882	207.849
Income not subject to tax	(102.585)	(73.899)
Investment tax credit (*)	(1.308.222)	(1.223.551)
Additions	24.310	84.942
Tax losses and other tax advantages (net effect)	(14.211)	58.842
Tax rate differences	4.411	6.513
Other	10.140	(5.971)
Tax income	**(1.033.275)**	**(945.275)**

(*) TL1.308.222 thousand (2013: TL1.223.551 thousand) investment tax credits of Tüpraş, a Subsidiary of the Group, within the scope of investment incentives to be utilised in future periods, have been accounted for as deferred tax income in the consolidated income statement in 2014.

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Koç Holding, its Subsidiaries and Joint Ventures, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TAS/TFRS and the Turkish tax legislations. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for TAS/TFRS and Tax Legislation.

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Property, plant and equipment and intangible assets	4.972.732	4.225.431	(1.048.584)	(864.880)
Investment incentives (*)	(6.297.223)	(4.163.798)	2.888.214	1.579.992
Investment incentives to be offset (-) (*)	-	-	(72.933)	(41.082)
Provision for employment termination benefits	(389.757)	(311.894)	77.952	62.399
Deductible tax losses and other tax advantages	(470.035)	(297.937)	75.863	61.629
Warranty and assembly provisions	(221.280)	(229.136)	45.552	47.592
Inventories	(176.005)	(70.181)	35.194	14.102
Deferred income	(63.707)	(65.027)	12.742	13.006
Expense accruals (net)	(63.040)	(8.511)	12.607	1.702
Provisions for lawsuits	(60.185)	(15.771)	12.099	3.154
Provisions for unused vacations	(53.059)	(45.429)	10.669	9.086
Unearned finance income (net)	29.316	37.999	(5.862)	(7.600)
Other (net)	(345.805)	(143.874)	65.733	29.926
Deferred tax assets (net)			**2.109.246**	**909.026**

(*) For the Residuum Upgrade Project (RUP), In the first period of 2011, within the scope of the decree of the Council of Ministers dated 14 July 2009 and numbered 2009/15199, Tüpraş, a Subsidiary of the Group, was granted a large-scaled investment incentive. Within the scope of the subject legislation, Tüpraş can deduct 30% of its investment expenditures related with the new investment, with a rate of 50% from tax base in accordance with the legislation provisions, at the time investment is completed and the revenue is started to be recognised. As of 7 October 2013, Residuum Upgrading Project was granted Strategic Investment Incentive by Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey that would be applicable after 19 October 2012. Within the scope of the Strategic Investment, Tüpraş can deduct 50% of its investment expenditures related with the new investment, with a rate of 90% from tax base in accordance with the legislation provisions. Accordingly, as of 31 December 2014, investment expenditures amounting to TL6.297.223 thousand (31 December 2013: TL4.163.798 thousand) have been made and tax credits amounting to TL2.888.214 thousand (31 December 2013: TL1.579.992 thousand) have been realised to be used in future periods. Moreover, as of 31 December 2014 within the scope of the Strategic Investment Tüpraş offset TL72.933 thousand from tax base (31 December 2013: TL41.082 thousand).

Net deferred tax assets and liabilities recognised in the Subsidiaries’ financial statements prepared in accordance with TAS/TFRS, are separately classified under deferred tax assets and liabilities accounts in Koç Holding’s consolidated balance sheet. Temporary differences and deferred tax assets and liabilities presented above, which are prepared on the basis of gross amounts, present the net deferred tax position.

The redemption schedule of carry forward tax losses which are not considered in deferred tax calculation is as follows:

	31 December 2014	31 December 2013
Up to 1 year	152.612	145.776
Up to 2 years	382.736	150.713
Up to 3 years	61.119	369.381
Up to 4 years	237.880	27.776
5 years and above	380.547	410.004
	1.214.894	**1.103.650**

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Movements in deferred tax assets / (liabilities) are as follows:

	2014	2013
Beginning of the period - 1 January	**909.026**	**(274.727)**
Charge to the income statement	1.253.277	1.198.291
Charge to equity:		
- Non-current assets revaluation fund	-	115
- Actuarial gains/losses	12.452	850
- Financial assets fair value reserve	(465)	793
- Hedging reserve	13	(529)
Business combinations (Note 3)	(50.713)	-
Changes in the scope of consolidation (*)	(13.861)	-
Currency translation differences	(483)	(15.767)
End of the period - 31 December	**2.109.246**	**909.026**

(*) Resulted from the addition of Ferrocom and Set Auto in the scope of consolidation.

NOTE 18 - PROVISIONS FOR EMPLOYEE BENEFITS

	31 December 2014	31 December 2013
Short-term employee benefits		
Provision for unused vacations	66.529	52.335
Provision for employment termination benefits	408.523	324.481
	475.052	**376.816**
Provision for employment termination benefits:		
- Domestic	406.513	320.967
- Foreign	2.010	3.514
	408.523	**324.481**

Under Turkish Labour Law, Koç Holding and its Turkish Subsidiaries and Joint Ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

As of 31 December 2014, the amount payable consists of one month's salary limited to a maximum of TL3.438,22 (31 December 2013: TL3.254,44) for each year of service.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of Koç Holding and its Subsidiaries registered in Turkey arising from the retirement of employees.

The principal assumption is that the 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. As the maximum liability is revised semi-annually, the maximum amount of TL3.541,37 effective from 1 January 2015 (1 January 2014: TL3.438,22) has been taken into consideration in calculating the consolidated reserve for employment.

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NOTE 18 - PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

TAS/TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability. Related rates have been presented by considering the weighted average of actuarial assumptions of the Subsidiaries within the scope of consolidation.

	31 December 2014	31 December 2013
Net discount rate (%)	3,50	4,78
Turnover rate to estimate the probability of retirement (%)	96,61	97,26

Movements in the provision for employment termination benefits are as follows:

	2014	2013
Beginning of the period - 1 January	**324.481**	**310.533**
Interest expense	23.480	14.038
Increases during the period	52.554	50.188
Actuarial losses	62.258	4.248
Payments during the period	(56.374)	(54.213)
Currency translation differences	228	278
Business combinations (Note 3)	1.896	-
Sale of a subsidiary (*)	-	(591)
End of the period - 31 December	**408.523**	**324.481**

(*) Resulted from the sale of Tat Tohumculuk shares in 2013.

NOTE 19 - PROVISIONS

a) Short-term provisions	31 December 2014	31 December 2013
Cost accruals of construction contracts	223.141	168.768
Provisions for warranty and assembly	210.584	220.462
Provisions for lawsuits and penalties (1)	118.857	59.435
Special Consumption Tax (SCT) provision on imported LPG	33.542	64.554
Provision for Energy Market Regulation Authority participation share	18.732	17.642
Provision for Competition Board penalty (2)	-	309.011
Other	101.961	64.686
	706.817	**904.568**

(1) The settlement process related to the tax reports and tax fine notices arising from the tax inspections at Tüpraş and Aygaz, the Subsidiaries of the Group, started by the Ministry of Finance Tax Audit Board in 2013, was completed on 26 February 2015. In accordance with the amounts settled, a total provision amount of TL80 million has been accounted for in the consolidated financial statements as of the balance sheet date.

(2) The administrative penalty amounting to TL412.015 thousand imposed on Tüpraş, a Subsidiary of the Group, by the Competition Authority was paid on 23 May 2014 in accordance with the prevailing regulations, as TL309.011 thousand at a rate of three quarters of TL412.015 thousand. Tüpraş filed a lawsuit to the Council of State on 23 June 2014 for the cancellation of the administrative penalty and the related regulation.

b) Long-term provisions

Warranty provision	101.652	109.006

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NOTE 19 - PROVISIONS (Continued)

The movements of provisions for warranty and assembly, cost accruals of construction contracts and provision for lawsuits are as follows for the year ended 31 December 2014:

	Provisions for warranty and assembly	Cost accruals of construction contracts	Provision for lawsuits
As of 1 January 2014	**329.468**	**168.768**	**59.435**
Additions	534.795	67.227	59.422
Business combinations	-	-	2.393
Disposals / Payments	(545.227)	(23.089)	(2.369)
Currency translation differences	(6.800)	10.235	(24)
As of 31 December 2014	**312.236**	**223.141**	**118.857**

	Provisions for warranty and assembly	Cost accruals of construction contracts	Provision for lawsuits
As of 1 January 2013	**286.930**	**294.786**	**64.527**
Additions	503.098	7.327	6.652
Disposals / Payments	(484.054)	(125.084)	(11.856)
Currency translation differences	23.494	(8.261)	112
As of 31 December 2013	**329.468**	**168.768**	**59.435**

NOT 20 - OTHER RECEIVABLES AND PAYABLES

a) Other receivables	31 December 2014	31 December 2013
VAT receivables	426.335	426.817
Taxes and funds deductible	265.460	403.702
	691.795	**830.519**

b) Other payables		
Taxes and duties payable	1.573.829	1.759.173
Social security premiums payable	101.192	85.208
	1.675.021	**1.844.381**

NOTE 21 - OTHER ASSETS AND LIABILITIES

a) Other current assets	31 December 2014	31 December 2013
Advances given	205.896	182.180
Prepaid expenses	187.717	145.633
Deposits and guarantees given	33.139	37.572
Assets obtained as collaterals	11.976	9.507
Other	119.684	81.346
	558.412	**456.238**

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NOTE 21 - OTHER ASSETS AND LIABILITIES (Continued)

b) Other non-current assets	31 December 2014	31 December 2013
Spare parts and other materials	606.707	464.871
Prepaid expenses	199.406	230.278
Advances given	106.354	240.545
Other	57.082	48.489
	969.549	**984.183**

c) Other current liabilities		
Revenue share (*)	679.543	569.013
Advances received	356.893	342.990
Payables to personnel and premium accruals	328.032	278.857
Accruals for sales and incentive bonus	254.749	220.480
Deferred income	78.190	75.211
Accruals for license expenses	34.344	34.880
Deposits and guarantees received	25.848	21.362
Other	272.433	148.011
	2.030.032	**1.690.804**

(*) In accordance with the Petroleum Market License Regulation and Liquefied Petroleum Gas ("LPG") Market Regulation, revenue shares collected by Tüpraş, but not recognised in the statement of comprehensive income, have been recorded as revenue share within "Other current liabilities" and blocked in banks as demand deposits with special interest rates within "Cash and cash equivalents" according to the decision of National Petroleum Reserves Commission.

d) Other non-current liabilities		
Deposits and guarantees received	78.810	73.613
Deferred income	73.112	48.875
Other	73.510	44.452
	225.432	**166.940**

NOTE 22 - EQUITY

Share Capital

Koç Holding adopted the registered share capital system available to companies registered with the CMB. Koç Holding's registered and issued share capital is as follows:

	31 December 2014
Limit on registered share capital (historical)	5.000.000
Issued share capital in nominal value	2.535.898

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of free capital shares to existing shareholders.

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NOTE 22 - EQUITY (Continued)

The shareholding structure of Koç Holding is as follows:

	31 December 2014		31 December 2013	
	Share %	Amount	Share %	Amount
Temel Ticaret ve Yatırım A.Ş.	42,59	1.079.984	42,59	1.079.984
Koç Family Members	25,82	654.608	25,82	654.608
Rahmi M. Koç ve Mahdumları Maden, İnşaat, Turizm, Ulaştırma, Yatırım ve Ticaret A.Ş.	0,10	2.659	0,10	2.659
Total Koç Family members and companies owned by Koç Family members	**68,51**	**1.737.251**	**68,51**	**1.737.251**
Vehbi Koç Vakfı	7,15	181.405	7,15	181.405
Koç Holding Emekli ve Yardım Sandığı Vakfı	1,99	50.452	1,99	50.452
Other	22,35	566.790	22,35	566.790
Paid-in share capital	**100,00**	**2.535.898**	**100,00**	**2.535.898**
Adjustment to share capital (*)		967.288		967.288
Total share capital		**3.503.186**		**3.503.186**

(*) Adjustment to share capital includes the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with TAS 29 and fair value differences of share issues within the context of acquisitions and mergers.

The analysis of shares by group is as follows:

Group	Unit of shares	TL'000	Nature of shares
A	67.877.342.230	678.773	Registered
B	185.712.462.770	1.857.125	Registered
	253.589.805.000	**2.535.898**	

In the Articles of Association ("the Articles") Koç Holding sets out the following privileges for A-group shares:

1. In accordance with Article 6, pre-emptive rights are used in purchase of new shares issued for their own groups; however, pre-emptive rights not used by B-group shareholders, can be used by A-group shareholders within the terms of CMB Legislation.

2. In accordance with Article 15 paragraph "c", A-group shareholders have two voting rights for each share owned at the General Assembly meetings (except for resolutions to change the Articles and decisions given for filing release and liability suits).

Other Comprehensive Income/Expense

	31 December 2014	31 December 2013
Items not to be reclassified to profit/loss:		
Non-current assets revaluation fund	27.241	28.360
Actuarial loss/gain	(53.659)	(28.174)
	(26.418)	**186**
Items to be reclassified to profit/loss:		
Currency translation differences	209.302	289.326
Financial assets fair value reserve	157.683	(19.251)
Hedging reserve	(316.018)	(343.025)
- Cash flow hedge	(153.939)	(174.866)
- Net investment hedge	(162.079)	(168.159)
	50.967	**(72.950)**

The movements in other comprehensive income/expense are presented in the statement of comprehensive income and statement of changes in equity.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 22 - EQUITY (Continued)

Restricted Reserves

The details of the restricted reserves are as follows:

	31 December 2014	31 December 2013
Legal reserves	276.091	230.311
Special reserves	2.144.577	2.145.242
	2.420.668	**2.375.553**

Within the scope of the Exemption for Sale of Property and Participation Shares, the 75% portion of gains in statutory financial statements arising from the sale of investments was transferred to "Special Reserves". As a result of the expiration of five year period, TL2.128.488 thousand of the special reserve balances became distributable without creating an additional corporate tax burden as of 31 December 2014.

Dividend Distribution

Listed companies are subject to dividend requirements regulated by CMB as follows:

According to the Article 19 of the Capital Market Law, numbered 6362 and effective from 30 December 2012, and Dividend Communiqué of CMB, numbered II-19.1 and effective from 1 February 2014, listed companies shall distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the prevailing regulations. Regarding the profit distribution policies of the listed companies, CMB may set different principles on companies with similar qualifications.

In accordance with the Turkish Commercial Code, unless the required reserves and the dividend for shareholders as determined in the Articles of Association or in the dividend distribution policy of the company are set aside; no decision may be taken to set up other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct shares, to the members of the board of directors or to the employees; and no dividend can be distributed to these people unless the determined dividend for shareholders is paid in cash.

For the listed companies, dividend distribution is made evenly to all existing shares as of the date of dividend distribution without considering the dates of issuance and acquisition of the shares.

Companies shall distribute their profits through general assembly decisions in accordance with the profit distribution policies to be determined by their general assemblies as well as the related provisions of the prevailing regulations. A minimum distribution rate has not been determined in these regulations. The companies pay dividends as determined in their articles of associations or profit distribution policies. Furthermore, dividends may be paid in installments with same or different amounts and profit share advances may be distributed over the profit in the interim financial statements.

In accordance with Article 32 of the Company's Articles of Association, a contribution of a maximum 2% (according to the decision of the General Assembly) of the amount remaining after the first legal reserves set aside over income before tax, financial obligations and first level dividends, is paid to Koç Holding Emekli ve Yardım Sandığı Vakfı. In addition, save for the first level dividend determined according to the Capital Markets Law, 3% of the amount remaining after the first legal reserves, financial obligations and 5% of the paid-in capital are deducted from the income before tax, is allocated to holders of dividend-right certificates. However, the amount to be paid to the holders of dividend-right certificates may not exceed 1/10 of the amount remaining after the first legal reserves and first level dividend calculated according to CMB regulations are deducted from the net profit.

As of 31 December 2014, total amount of reserves that can be subject to dividend distribution without creating additional corporate tax burden is TL4.376.464 thousand.

At the Ordinary General Assembly Meeting of Koç Holding A.Ş. held on 2 April 2014, it was resolved;

- to distribute TL406.504.457,42 consisting the first level dividend amounting to TL131.769.941,54 and the second level dividend of TL274.734.515,88 in cash;

- to pay TL406.504.457,42 dividend to shareholders and TL75.214.130,23 dividend to holders of usufruct right certificates in cash. TL17.449.477,97 of the total cash dividend amounting to TL481.718.587,65, is to be paid from current year's tax exempt statutory income and TL464.269.109,68 is to be paid from current year's other statutory income. TL8.500.000 to be paid to Koç Holding Emekli ve Yardım Sandığı Vakfı to be expended from the current year's taxable statutory income.

Cash dividend payments were completed as of April 2014.

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NOTE 23 - ASSETS HELD FOR SALE

i) The part amounting to TL170.506 thousand (138 apartments) of the properties delivered within the scope of the project realised jointly with KİPTAŞ has been transferred from investment property to assets held for sale since they are intended to be sold in the short term (Note 12). As of 31 December 2014, sale of the part of the property with a net book value of TL26.743 thousand (20 apartments) was completed.

ii) In accordance with the resolutions of the Board of Directors dated 14 October 2013 and 26 December 2013, it was decided to discontinue the operations of Harranova Besi, a subsidiary of Tat Gıda; and accordingly, the assets and liabilities of the company have been classified as assets and liabilities held for sale in the consolidated financial statements as of 31 December 2013 in conformity with TFRS 5. In accordance with the resolution of the Board of Directors of Tat Gıda dated 23 June 2014, a share transfer agreement has been signed regarding the sale of 58,15% of the shares of Harranova Besi held by Tat Gıda to The Morning Star Company which already owns 10% of Harranova Besi. The sales transaction has been completed on 1 October 2014.

iii) Due to the liquidation process of Otoyol Sanayi, a Subsidiary of the Group, assets and liabilities of the company have been classified as held for sale in accordance with TFRS 5 in the consolidated financial statements as of 31 December 2014 and 31 December 2013.

A summary of information regarding assets and liabilities held for sale is as follows:

Assets held for sale	2014	2013
Cash and cash equivalents	9.558	12.196
Investment properties	143.763	-
Trade receivables	-	1.996
Inventories	-	16.176
Property, plant and equipment	-	26.632
Other assets	150	11.747
Provision for impairment (*)	-	(18.764)
	153.471	**49.983**

(*) Includes impairment provision for property, plant and equipment amounting to TL16.982 thousand and impairment provision for inventory amounting to TL1.782 thousand as of 31 December 2013.

Liabilities related to assets held for sale	2014	2013
Trade payables	-	2.047
Provision for employment termination benefits	147	630
Other liabilities	2.418	4.067
	2.565	**6.744**

NOTE 24 - REVENUE

	2014	2013
Domestic revenue	51.620.686	50.448.508
Foreign revenue	18.814.137	17.105.956
Gross revenue	70.434.823	67.554.464
Less: Discounts	(2.098.458)	(1.612.251)
Revenue	**68.336.365**	**65.942.213**
Sales of goods	66.200.842	64.017.108
Sales of services	2.135.523	1.925.105
Revenue	**68.336.365**	**65.942.213**

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NOTE 25 - EXPENSES BY NATURE

Expenses by nature include cost of goods sold, marketing, selling and distribution expenses, general administrative expenses and research and development expenses.

	2014	2013
Raw materials and supplies	48.198.020	49.890.650
Changes in work in progress and finished goods	498.157	(273.240)
Cost of merchandise sold	7.831.756	5.533.469
Personnel expenses	3.157.115	2.764.369
Transportation, distribution and storage expenses	1.193.517	1.084.631
Energy and utility expenses	1.055.049	993.983
Depreciation and amortisation charges	958.457	870.719
Warranty and assembly costs	544.771	510.121
Advertisement and promotion expenses	515.256	409.381
Rent expenses	440.507	355.265
Maintenance and repair expenses	426.650	334.215
Taxes, duties and charges	156.678	162.079
Outsourcing expenses	139.583	121.358
Insurance expenses	138.381	107.660
Travel expenses	118.280	106.976
Litigation and consultancy expenses	95.877	86.517
Sales, incentives and premium expenses	81.915	77.782
Information systems and communication expenses	78.408	67.882
Royalty and license expenses	61.381	53.028
Grants and donations	33.163	31.344
Other	746.183	667.289
	66.469.104	**63.955.478**

The functional breakdowns of amortisation, depreciation and personnel expenses are as follows:

Depreciation and amortisation charges	2014	2013
Cost of sales	668.526	613.596
Marketing, selling and distribution expenses	43.270	39.578
General administrative expenses	146.603	132.393
Research and development expenses	100.058	85.152
	958.457	**870.719**

Total depreciation charges capitalised in 2014 is TL1.438 thousand (2013: TL9.897 thousand).

Personnel expenses	2014	2013
Cost of sales	1.337.693	1.211.748
Marketing, selling and distribution expenses	580.996	511.454
General administrative expenses	1.199.534	1.007.907
Research and development expenses	38.892	33.260
	3.157.115	**2.764.369**

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NOTE 26 - OTHER OPERATING INCOME/EXPENSES

Other operating income	2014	2013
Foreign exchange gains arising from trading activities	1.446.098	836.870
Credit finance income arising from trading activities	241.493	212.119
Income from claims and grants	43.938	36.354
Reversals of provisions	39.784	27.359
Rent income	17.471	15.514
Other	97.037	75.810
	1.885.821	**1.204.026**

Other operating expenses		
Foreign exchange losses arising from trading activities	(1.687.420)	(1.070.182)
Credit finance charges arising from trading activities	(82.128)	(39.406)
Provisions for lawsuits and penalties	(100.867)	(9.640)
Provision expenses for doubtful receivables and loans	(39.611)	(50.725)
Product recall expenses	(3.132)	(19.194)
Provision for Competition Board penalty	-	(309.011)
Other	(113.474)	(70.686)
	(2.026.632)	**(1.568.844)**

NOTE 27 - GAINS AND LOSSES FROM INVESTMENT ACTIVITIES

Gains from investment activities	2014	2013
Gain on exchange transaction (1)	299.284	-
Gain on sale of Maret segment (2)	151.834	
Gain on sale of property, plant and equipment and scraps	34.545	9.018
Gain resulting from the change of control (Note 3)	17.299	-
Gain on bargain purchase (Note 3)	9.324	-
Gain on sale of financial assets	-	31.707
Dividend income	-	26.094
Gain on sale of subsidiary	-	11.904
	512.286	**78.723**

Losses from investment activities		
Loss on sale of property, plant and equipment	(5.312)	(5.202)
Provision for impairment on assets held for sale	-	(18.764)
	(5.312)	**(23.966)**

(1) Gain on exchange transaction resulting from the difference between the property that was delivered to Koç Holding within the scope of the project developed jointly with KİPTAŞ with a fair value of TL337.840 thousand (Note 12) and the land derecognised from the assets of Koç Holding with a net book value of TL38.556 thousand (TL28.656 thousand of which was derecognised from given advances and TL9.900 of which was derecognised from investment property).

(2) Includes gain on sale of brand and fixed assets related to Maret segment owned by Tat Gıda, a Subsidiary of the Group.

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NOTE 28 - FINANCIAL INCOME/EXPENSES

Financial income	2014	2013
Foreign exchange gains (*)	1.471.742	2.565.460
Interest income	397.559	402.196
Gains on derivative financial instruments	256.370	59.434
Other financial income	584	1.816
	2.126.255	**3.028.906**

Financial expenses		
Foreign exchange losses (*)	(1.704.615)	(2.909.013)
Interest expenses	(887.271)	(714.304)
Losses on derivative financial instruments	(81.712)	(112.260)
Other financial expenses	(18.007)	(19.646)
	(2.691.605)	**(3.755.223)**

(*) Foreign exchange income / expenses arising from trading activities (trade receivables and payables) are accounted for under "other operating income/expenses".

NOTE 29 - RELATED PARTY DISCLOSURES

a) Related party balances

	31 December 2014			31 December 2013		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Cash and cash equivalents	7.099.213	-	7.099.213	5.061.203	-	5.061.203
Trade receivables	235.953	104.293	340.246	433.729	70.050	503.779
Trade payables	621.489	44.800	666.289	815.854	35.010	850.864
Borrowings	780.256	-	780.256	626.097	-	626.097

b) Related party transactions

	31 December 2014			31 December 2013		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Sales of goods and services	10.057.637	268.322	10.325.959	8.775.568	153.192	8.928.760
Purchases of goods and services	2.992.421	327.353	3.319.774	3.259.427	252.636	3.512.063
Interest income	237.870	-	237.870	227.843	-	227.843
Interest expense (-)	(75.006)	-	(75.006)	(52.613)	-	(52.613)

The Joint Ventures of the Group have been accounted for using the equity method in the consolidated financial statements. Accordingly, the transactions of Group's Subsidiaries with Joint Ventures and the balances from Joint Ventures are not subject to elimination.

As of 31 December 2014, cash and cash equivalents and borrowings balances include balances of the Group's Subsidiaries with Yapı Kredi Bankası. TL107.637 thousand of trade receivables is composed of balances of Zer Ticaret (31 December 2013: TL91.792 thousand) and TL81.586 thousand of trade receivables is composed of balances of Ram Dış Ticaret (31 December 2013: TL54.455 thousand) arising from the sale transactions with other Group companies. TL512.138 thousand of trade payables is composed of balances due to vehicle purchases of Otokoç from Ford Otosan and Tofaş (31 December 2013: TL475.087 thousand).

TL9.198.050 thousand (2013: TL7.953.620 thousand) of sales of goods and services is composed of balances arising from the sales of Tüpraş' petroleum products to Opet and THY Opet for the year ended 31 December 2014. TL2.318.893 thousand (2013: TL2.315.773 thousand) of purchases of goods and services is composed of balances due to Otokoç's vehicle purchases from Ford Otosan and Tofaş.

c) Key management compensation

The key management of Koç Holding is identified as the members of the Board of Directors (including the President) and the Group Presidents. Total key management compensation incurred by Koç Holding in 2014 amounted to TL82.121 thousand (2013: TL74.040 thousand). The amount is comprised of short-term employee benefits.

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NOTE 30 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES

Information regarding the Subsidiaries in which the Group has major non-controlling interests is as follows:

	31 December 2014			
Subsidiary	**Non-controlling interest%**	**Gains/losses attributable to non-controlling interests**	**Accumulated non-controlling interests**	**Dividend paid to non-controlling interests**
Tüpraş	56,30%	851.886	4.476.753	194.120
Arçelik	59,49%	385.026	2.336.055	232.351
Aygaz	59,32%	56.028	906.440	103.802

	31 December 2013			
Subsidiary	**Non-controlling interest%**	**Gains/losses attributable to non-controlling interests**	**Accumulated non-controlling interests**	**Dividend paid to non-controlling interests**
Tüpraş	56,30%	658.185	3.852.524	472.416
Arçelik	59,49%	377.591	2.287.778	259.742
Aygaz	59,32%	85.773	955.422	177.946

Condensed financial information of Subsidiaries after consolidation adjustments and before eliminations is as follows:

Condensed balance sheet information:

	31 December 2014		
	Tüpraş	**Arçelik**	**Aygaz**
Cash and cash equivalents	3.898.396	1.621.221	160.904
Other current assets	3.105.667	6.850.536	552.564
Non-current assets	16.636.082	3.323.939	1.854.545
Total assets	**23.640.145**	**11.795.696**	**2.568.013**
Short-term borrowings	777.304	1.802.623	171.232
Other current liabilities	7.791.703	2.618.178	543.379
Long-term borrowings	6.977.706	2.964.986	194.058
Other non-current liabilities	185.902	512.394	131.637
Total liabilities	**15.732.615**	**7.898.181**	**1.040.306**
Total equity	**7.907.530**	**3.897.515**	**1.527.707**

	31 December 2013		
	Tüpraş	**Arçelik**	**Aygaz**
Cash and cash equivalents	3.663.114	1.266.575	173.054
Other current assets	6.105.480	6.392.547	694.115
Non-current assets	13.043.744	3.314.116	1.679.115
Total assets	**22.812.338**	**10.973.238**	**2.546.284**
Short-term borrowings	1.074.671	1.673.379	95.310
Other current liabilities	9.323.250	2.408.904	571.888
Long-term borrowings	5.447.345	2.581.159	142.497
Other non-current liabilities	159.663	515.792	126.258
Total liabilities	**16.004.929**	**7.179.234**	**935.953**
Total equity	**6.807.409**	**3.794.004**	**1.610.331**

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NOTE 30 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES (Continued)

Condensed income statement information:

		2014	
	Tüpraş	Arçelik	Aygaz
Revenue	39.722.712	12.514.033	7.061.276
Depreciation and amortisation	319.348	346.293	82.153
Operating profit/(loss)	374.636	977.653	109.860
Net financial income/(expense)	(235.383)	(260.953)	(9.363)
Profit/(loss) before tax	208.501	725.943	112.939
Net profit for the period	1.504.331	632.991	94.413

		2013	
	Tüpraş	Arçelik	Aygaz
Revenue	41.078.427	11.097.711	6.004.984
Depreciation and amortisation	303.387	302.181	80.986
Operating profit/(loss)	(22.093)	1.128.041	170.184
Net financial income/(expense)	(110.006)	(409.558)	2.509
Profit/(loss) before tax	(52.863)	740.827	176.240
Net profit for the period	1.146.578	617.799	144.548

NOTE 31 - GOVERNMENT GRANTS

The Group is entitled to the following incentives and rights:

a) 100% exemption from customs duty on machinery and equipment imported,
b) Exemption from VAT on investment goods supplied from home and abroad,
c) Incentives under the jurisdiction of the research and development law (100% corporate tax exemption, Social Security Institution incentives, etc.),
d) Inward processing permission certificates,
e) Cash refund from Tübitak-Teydeb for research and development expenditures,
f) Exemption from taxes, duties and charges,
g) Discounted corporate tax incentive,
h) Insurance premium employer share incentive,
i) Corporate tax incentive within the scope of investment incentive exemption (Note 17),
j) Brand supporting government grants given by the Undersecretariat of Foreign Trade (Turquality),
k) Incentive of environmental costs support by law 9715,
l) Patent incentives.

NOTE 32 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Guarantees:

The summary of guarantees given regarding the non-finance sector companies is as follows:

Guarantees given:

	31 December 2014	31 December 2013
Letters of guarantee	4.410.866	3.078.781
Letters of credit	509.719	1.210.166
Letters of guarantee given to banks	317.490	222.879
Equity shares (*)	31.929	127.714
Other	2.303	4.984
	5.272.307	**4.644.524**

(*) As of 31 December 2014, The Group's equity shares in Tüpraş with a nominal value of TL31.929 thousand (31 December 2013: TL127.714 thousand Tüpraş) are pledged as collateral (without prejudice to voting and dividend rights associated with these shares) against the loans obtained in 2006 (Note 16) to finance the cost of the Tüpraş acquisition.

Collaterals/pledges/mortgages/bill of guarantees ("CPMB") of Subsidiaries of the Group, except finance sector, as of 31 December 2014 and 31 December 2013 are as follows (Total amounts in the table below also contains TL denominated CPMB balances. Foreign currency CPMBs are presented by their TL equivalents):

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NOTE 32 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

		31 December 2014	31 December 2013
A.	Total amount of CPMB's given in the name of its own legal personality	4.791.224	4.383.968
	-TL	2.868.803	1.335.143
	-USD	1.654.846	2.391.276
	-EUR	247.044	632.541
	-Other	20.531	25.008
B.	Total amount of CPMB's given on behalf of the fully consolidated companies	481.083	260.556
	-TL	-	-
	-USD	194.782	151.285
	-EUR	286.301	108.944
	-Other	-	327
C.	Total amount of CPMB's given on behalf of third parties for ordinary course of business	-	-
D.	Total amount of other CPMB's given		
	i) Total amount of CPMB's given on behalf of the majority shareholder	-	-
	ii) Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C.	-	-
	iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-
		5.272.307	**4.644.524**

The summary of guarantees received regarding the non-finance sector companies is as follows:

Guarantees received:

	31 December 2014	31 December 2013
Letter of guarantee	3.513.133	3.626.396
Mortgages	1.949.427	1.874.679
Bill of guarantees	460.255	509.710
Guarantee notes	150.033	158.900
Direct crediting limit	162.957	140.358
Other commitments	485.749	253.237
	6.721.554	**6.563.280**

Additionally, Koç Finansman, a Subsidiary of the Group operating in the finance sector has a lien amounting to TL2.286.283 thousand as of 31 December 2014 (31 December 2013: TL1.739.652 thousand) in favor of the company supplied from vehicle loans including non-performing loans.

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments and Financial Risk Management

Financial Risk Management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, interest rate risk and commodity price risk) and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative instruments to hedge risk exposures.

A) Credit Risk

Credit risk is the risk that a counterparty cannot fulfill its obligations in the agreements that the Group is party to. The Group monitors the credit risk by credit ratings and limitations to the total risk of a single counterparty. The credit risk is diversified as a result of large number of entities comprising the customer bases and the penetration to different business segments.

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit risk management procedures

The Group's non-finance sector companies are exposed to credit risk arising from their trade receivables, financial assets, derivative instruments and bank deposits.

Major portion of trade receivables stem from the dealers over which the Group exerts a significant control mechanism. Credit risk by dealer is followed up by taking into account the relevant customers' financial position, past experience and other related factors; and guarantees are obtained to the greatest extent possible.

Koç Finansman, a Subsidiary of the Group operating in the finance sector, manages the credit risk by evaluating the credit risk grading of its customers, limiting the average risk for the counter party in each agreement, regularly analysing the payment potential of current customers and prospective customers and by changing the credit limits when necessary. Furthermore, the credit risk is controlled through the guarantees and warranties taken from the customers.

Credit risk details

The exposure of consolidated financial assets to credit risk is as follows:

31 December 2014	Trade receivables instruments	Receivables and cash operations	Cash from finance sector equivalents	Financial assets	Derivative
Maximum exposure to credit risk as ofreporting date (A+B+C+D+E)	**7.099.759**	**2.312.276**	**9.905.566**	**-**	**116.062**
A. Net book value of neither past due nor impaired financial assets (*)	6.398.410	2.073.238	9.905.566	-	116.062
B. Net book value of restructured financial assets	52.113	217.618	-	-	-
C. Net book value of past due but not impaired financial assets	607.690	9.062	-	-	-
D. Net book value of impaired assets	41.546	36.858	-	-	-
- Past due	41.546	36.858			
- Gross amount	*232.763*	*59.250*	-	-	-
- Impairment	*(191.217)*	*(22.392)*	-	-	-
- Secured with guarantees	*40.188*	*32.137*	-	-	-
- Not past due	-	-	-	-	-
- Gross amount	-	-	-	-	-
- Impairment	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-
E. Collective provision for impairment (-)	-	(24.500)	-	-	-

31 December 2013	Trade receivables instruments	Receivables and cash operations	Cash from finance sector equivalents	Financial assets	Derivative
Maximum exposure to credit risk as ofreporting date (A+B+C+D+E)	**8.493.365**	**1.739.318**	**8.895.009**	**-**	**66.668**
A. Net book value of neither past due nor impaired financial assets (*)	7.526.306	1.602.162	8.895.009	-	66.668
B. Net book value of restructured financial assets	28.379	118.860	-	-	-
C. Net book value of past due but not impaired financial assets	884.647	9.643	-	-	-
D. Net book value of impaired assets	54.033	26.208	-	-	-
- Past due	54.033	26.208	-	-	-
- Gross amount	*251.894*	*51.778*	-	-	-
- Impairment	*(197.861)*	*(25.570)*	-	-	-
- Secured with guarantees	*53.217*	*17.108*	-	-	-
- Not past due	-	-	-	-	-
- Gross amount	-	-	-	-	-
- Impairment	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-
E. Collective provision for impairment (-)	-	(17.555)	-	-	-

(*) Includes receivables from related parties.

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Trade receivables

a) Details of neither past due nor impaired trade receivables' credit quality:

	2014	2013
New customers (less than 3 months)	502.938	627.184
Public institutions and corporations	107.087	103.161
Other customers with no payment defaults	5.485.433	6.488.822
Customers with prior collection delays	302.952	307.139
	6.398.410	**7.526.306**

As of 31 December 2014, trade receivables that are not due and not impaired amounting to TL3.844.871 thousand are secured by guarantees (2013: TL4.459.524 thousand).

b) Analysis of past due trade receivables:

Not impaired	2014	2013
Past due up to 1 month	292.888	327.957
Past due 1 - 3 months	202.097	408.352
Past due 3 - 12 months	79.815	136.092
Past due over 1 year	32.890	12.246
	607.690	**884.647**

As of 31 December 2014, past due but not impaired trade receivables amounting to TL369.273 thousand are secured by guarantees (2013: TL276.991 thousand).

Impaired	2014	2013
Past due up to 3 months	32.712	28.698
Past due 3 - 6 months	8.181	4.820
Past due 6 - 12 months	26.076	67.371
Past due over 1 year	165.794	151.005
Less: Impairment	(191.217)	(197.861)
	41.546	**54.033**

As of 31 December 2014, impaired receivables amounting to TL40.188 thousand are secured by guarantees (2013: TL53.217 thousand).

Cash and cash equivalents

As of 31 December 2014 and 2013, total cash and cash equivalents are neither past due nor impaired. A significant portion of the bank deposits that are classified under cash and cash equivalents are held in banks operating in Turkey.

B) Market Risk

a) Foreign Exchange Risk

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities of the Group are defined as the "Net foreign currency position" and it is the basis of the currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in net foreign currency position (cross currency risk).

The Group keeps the currency risk exposure within the limits set by Koç Holding, the Parent Company and within the limits approved by their Board of Directors. Derivative contracts such as swaps, options and forwards are also used as instruments for currency risk management for hedging purposes, when needed.

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Assets and liabilities denominated in foreign currency are as follows:

	31 December 2014	31 December 2013
Assets	8.017.996	9.454.082
Liabilities	(18.188.127)	(17.809.459)
Net balance sheet position	**(10.170.131)**	**(8.355.377)**
Off-balance sheet derivative instruments net position	**2.585.442**	**880.843**
Net foreign currency position	**(7.584.689)**	**(7.474.534)**

Tüpraş, a Subsidiary of the Group, manages its foreign currency risk resulting from its net financial liabilities by reflecting the effects of the changes in foreign currencies to its selling prices of petroleum products. As of 31 December 2014, Tüpraş has raw materials and petroleum products amounting to TL2.263.213 thousand (31 December 2013: TL: 3.375.937 thousand).

In addition, Tüpraş has USD1.984,5 million outstanding borrowing regarding the financing of the ongoing Residuum Upgrade Project (Note 16), for which finance costs (including foreign exchange losses to a certain extent) are capitalised.

As of 31 December 2014, if EUR and USD had appreciated by 10% against TL with all other variables held constant, profit before tax would have been TL641.007 thousand lower, mainly as a result of foreign exchange losses on the translation of the foreign exchange position as presented in detail in the table below. The net effect of the related foreign exchange losses on the net profit (attributable to equity holders) is approximately TL256 million.

The impact of 10% exchange increase in income statement (pre-tax profit):

31 December 2014	USD	EUR	Other	Total
Foreign currency net position (*)	(607.487)	(37.447)	3.927	(641.007)

(*) Related balances do not include the foreign exchange impacts of hedged items. Profit before tax impacts arising from foreign exchange positions of Joint Ventures have been included in the sensitivity analysis.

The impact of 10% exchange increase in other comprehensive income statement (pre-tax profit):

31 December 2014	USD	EUR	Other	Total
Hedged items (*)	(14.609)	(178.253)	-	(192.862)

(*) Related balances include foreign exchange impacts which are within the scope of cash flow hedge and net investment hedge in foreign operations and which are recognised under the hedging reserve.

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2014			
	USD (1)	EUR (1)	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Trade receivables (2)	230.957	513.009	650.501	2.633.112
Monetary financial assets	1.474.695	336.287	15.484	4.383.719
Non-monetary financial assets	127.801	43.016	1.976	419.669
Other	54.812	12.378	1.497	163.517
Current assets	**1.888.265**	**904.690**	**669.458**	**7.600.017**
Trade receivables (2)	56.284	76.566	-	346.487
Financial assets	3.208	10.915	-	38.227
Other	4.489	7.463	1.805	33.265
Non-current assets	**63.981**	**94.944**	**1.805**	**417.979**
Total assets	**1.952.246**	**999.634**	**671.263**	**8.017.996**
Liabilities:				
Trade payables (2)	1.779.464	235.422	47.639	4.838.094
Borrowings	521.099	147.178	-	1.623.522
Other liabilities	148.162	40.316	29	457.321
Short-term liabilities	**2.448.725**	**422.916**	**47.668**	**6.918.937**
Trade payables (2)	24.936	-	-	57.823
Borrowings	3.968.351	695.637	-	11.164.390
Other liabilities	1.063	15.780	-	46.977
Long-term liabilities	**3.994.350**	**711.417**	**-**	**11.269.190**
Total liabilities	**6.443.075**	**1.134.333**	**47.668**	**18.188.127**
Net balance sheet position	**(4.490.829)**	**(134.699)**	**623.595**	**(10.170.131)**
Derivative assets	1.323.208	367.030	16.861	4.120.530
Derivative liabilities	(18.297)	(316.217)	(600.705)	(1.535.088)
Off-balance sheet derivative instruments net position	**1.304.911**	**50.813**	**(583.844)**	**2.585.442**
Net foreign currency position	**(3.185.918)**	**(83.886)**	**39.751**	**(7.584.689)**
Net foreign currency position of monetary items	(3.313.719)	(126.902)	37.775	(8.004.358)
Fair value of derivative instruments held for hedging	3.235	4.002	-	18.790

(1) Presented in original currencies.
(2) Represents balances before consolidation eliminations.

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2013			
	USD [1]	EUR [1]	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Trade receivables [2]	231.968	546.063	604.014	2.702.619
Monetary financial assets	2.435.160	153.230	15.479	5.662.799
Non-monetary financial assets	62.177	27.393	305	213.450
Other	53.980	7.786	219	138.293
Current assets	**2.783.285**	**734.472**	**620.017**	**8.717.161**
Trade receivables [2]	43.854	105.787	246.400	650.640
Monetary financial assets	3.289	4.994	-	21.686
Other	529	21.582	90	64.595
Non-current assets	**47.672**	**132.363**	**246.490**	**736.921**
Total assets	**2.830.957**	**866.835**	**866.507**	**9.454.082**
Liabilities:				
Trade payables [2]	2.358.669	219.677	38.685	5.717.874
Borrowings	177.279	462.217	139.716	1.875.382
Other liabilities	186.024	25.827	4.288	477.160
Short-term liabilities	**2.721.972**	**707.721**	**182.689**	**8.070.416**
Trade payables [2]	29.249	-	-	62.427
Borrowings	4.157.402	256.972	-	9.627.741
Other liabilities	-	16.644	-	48.875
Long-term liabilities	**4.186.651**	**273.616**	**-**	**9.739.043**
Total liabilities	**6.908.623**	**981.337**	**182.689**	**17.809.459**
Net balance sheet position	**(4.077.666)**	**(114.502)**	**683.818**	**(8.355.377)**
Derivative assets	883.277	431.687	10.528	3.163.356
Derivative liabilities	(262.383)	(350.753)	(692.523)	(2.282.513)
Off-balance sheet derivative instruments net position	**620.894**	**80.934**	**(681.995)**	**880.843**
Net foreign currency position	**(3.456.772)**	**(33.568)**	**1.823**	**(7.474.534)**
Net foreign currency position of monetary items	(3.518.949)	(60.961)	1.518	(7.687.984)
Fair value of derivative instruments held for hedging	1.361	17.392	-	53.976

(1) Presented in original currencies.
(2) Represents balances before consolidation eliminations.

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Export and import details (TL Equivalent)

Export	2014	2013
USD	9.608.100	9.390.739
EUR	3.746.420	3.195.505
Other	1.485.380	1.263.064
	14.839.900	**13.849.308**
Import		
USD	36.209.846	38.758.851
EUR	1.512.433	1.604.182
Other	46.224	32.246
	37.768.503	**40.395.279**

b) Interest Rate Risk

The Group is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed-floating interest and short-long term nature of borrowings as well as using derivative instruments for hedging purposes.

The weighted average effective annual interest rates (%) for the consolidated financial assets and liabilities outstanding as of 31 December 2014 and 2013 are as follows:

	31 December 2014			31 December 2013		
	USD	EUR	TL	USD	EUR	TL
Assets						
Cash and cash equivalents	2,51	2,72	10,57	3,06	1,66	8,31
Receivables from finance sector operations	5,44	5,88	13,34	4,95	5,88	12,07
Liabilities						
Borrowings	2,90	2,46	10,32	2,98	3,00	9,01

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Consolidated financial assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates are as follows:

31 December 2014	Up to 3 months	3 months - 1 year	1 year - 5 years	5 years and over	Non-interest bearing	Total
Assets						
Cash and cash equivalents	9.358.498	-	-	-	549.333	9.907.831
Financial assets						
- Available-for-sale financial assets	-	-	-	217.319	217.319	
Receivables from finance sector operations	403.186	758.453	1.142.201	8.436	-	2.312.276
	9.761.684	**758.453**	**1.142.201**	**8.436**	**766.652**	**12.437.426**
Liabilities						
Borrowings	3.595.375	6.061.904	5.813.444	4.301.388	48.779	19.820.890
	3.595.375	**6.061.904**	**5.813.444**	**4.301.388**	**48.779**	**19.820.890**

31 December 2013	Up to 3 months	3 months - 1 year	1 year - 5 years	5 years and over	Non-interest bearing	Total
Assets						
Cash and cash equivalents	8.549.887	-	-	-	347.191	8.897.078
Financial assets						
- Available-for-sale financial assets	-	-	-	-	214.657	214.657
Receivables from finance sector operations	289.790	578.647	870.881	-	-	1.739.318
	8.839.677	**578.647**	**870.881**	**-**	**561.848**	**10.851.053**
Liabilities						
Borrowings	4.939.331	4.993.894	3.991.436	3.155.395	627	17.080.683
	4.939.331	**4.993.894**	**3.991.436**	**3.155.395**	**627**	**17.080.683**

In the case of 100 bps rise in the annual interests, the additional annual consolidated interest expense resulting from the repricing of borrowings within 1-year period is around TL54 million. It is expected that this interest expense will be substantially offset by the additional interest income resulting from the repricing of cash and cash equivalents due to their short term maturities and therefore, 100 bps rise in interest rates is not expected to have a material net interest income/expense effect at the Group level within 1-year period.

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The interest rate position is as follows:

Fixed interest rate financial instruments	**31 December 2014**	**31 December 2013**
Financial assets		
Cash and cash equivalents	8.936.495	8.030.973
Receivables from finance sector operations	2.312.276	1.739.318
	11.248.771	**9.770.291**
Financial liabilities		
Borrowings	12.836.266	10.206.375
	12.836.266	**10.206.375**
Floating interest rate financial instruments		
Financial assets		
Cash and cash equivalents	422.003	518.914
	422.003	**518.914**
Financial liabilities		
Borrowings (*)	6.935.845	6.873.681
	6.935.845	**6.873.681**

(*) Tüpraş, a Subsidiary of the Group, has entered into interest rate swap agreement amounting to USD500 million in order to hedge the cash flow risk arising from its floating rate loans (2013: EYAŞ, a Subsidiary of the Group, has entered into interest rate swap agreements amounting to USD217 million in order to hedge the cash flow risk arising from its floating rate loans) (Note 10).

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NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Commodity price risk

Tüpraş, a Subsidiary of the Group is exposed to risk arising from fluctuations in crude oil prices due to raw material inventory held for production. Tüpraş management manages the risk by regularly reviewing the amount of the inventory held.

Tüpraş sets its sales price according to Petroleum Market Law No: 5015 considering the product prices at the Mediterranean market, which are the closest reachable world competitive market and USD currency rates. The changes in prices in the Mediterranean market and USD currency rate are evaluated daily by Tüpraş management and sales prices are updated when prices calculated according to the aforementioned factors differ significantly from the current sales prices.

d) Liquidity Risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. In order to meet instant cash necessities it is ensured that the level of cash and cash equivalent assets does not fall below a predetermined portion of the short term liabilities.

Undiscounted contractual cash flows of the consolidated financial liabilities as of 31 December 2014 and 2013 are as follows:

31 December 2014	Book value	Total contractual cash outflow	Demand or up to 3 months	3 months 1 year	1 - 5 years	5 years and over
Financial liabilities						
Borrowings	19.820.890	22.082.328	1.683.958	4.115.591	10.197.002	6.085.777
Trade payables	9.138.243	9.149.478	9.024.135	125.343	-	-
Derivative instruments (*)						
Cash inflows	104.187	2.380.775	982.177	102.083	315.620	980.895
Cash outflows	(4.370)	(2.224.315)	(979.256)	(99.472)	(299.196)	(846.391)

31 December 2013	Book value	Total contractual cash outflow	Demand or up to 3 months	3 months 1 year	1 - 5 years	5 years and over
Financial liabilities						
Borrowings	17.080.683	19.436.713	2.153.334	2.940.706	9.145.866	5.196.807
Trade payables	9.978.208	9.988.422	9.505.771	482.651	-	-
Derivative instruments (*)						
Cash inflows	22.350	2.108.989	1.294.965	36.285	-	777.739
Cash outflows	(72.950)	(2.135.353)	(1.293.981)	(35.792)	-	(805.580)

(*) Derivative instruments do not include the carrying value (Note 10) of changes in the fair value changes arising from the off-balance sheet operating lease transactions of Otokoç, a Subsidiary of the Group, denominated in foreign currency.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Capital Risk Management

The Group's main objectives for capital management are to keep the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may decide on the amount of dividends paid to shareholders, issue of new shares or sell assets to decrease net financial debt.

The Group monitors capital on the basis of the net financial debt/total equity ratio. Net financial debt is calculated as total financial liabilities less cash and cash equivalents (excluding blocked deposits).

Consolidated net financial debt/total equity ratio as of 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Total borrowings	19.820.890	17.080.683
Cash and cash equivalents	9.230.949	8.330.068
Net financial debt	10.589.941	8.750.615
Equity	29.301.469	26.190.593
Net financial debt/total equity multiplier	**0,36**	**0,33**

NOTE 34 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

Fair value of financial instruments

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Carrying values of significant portion of cash and cash equivalents are assumed to reflect their fair values due to their short-term nature.

As of 31 December 2014, the carrying value of receivables from finance sector operations does not differ significantly from their fair value calculated through the current interest rates.

Financial liabilities

Fair values of short term borrowings and trade payables are assumed to approximate their carrying values due to their short term nature.

The carrying values of bonds issued by the Parent Company Koç Holding, Arçelik and Tüpraş, the Subsidiaries of the Group, with a nominal value of EUR350 million and USD1.950 million and fixed interest rates (Note 16), are above by TL47 million from their fair values measured considering the prices in the active markets (Level 1).

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 34 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

Fair value estimation

The classification of the Group's consolidated financial assets and liabilities at fair value is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
Level 3: Inputs for the asset or liability that is not based on observable market data.

Assets and liabilities measured at fair value as of 31 December 2014 and 2013 are as follows:

31 December 2014	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
- Equity securities	29.257	-	-	29.257
Derivative instruments	-	116.062	-	116.062
Total assets	**29.257**	**116.062**	**-**	**145.319**
Derivative instruments	-	4.370	-	4.370
Total liabilities	**-**	**4.370**	**-**	**4.370**

31 December 2013	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
- Equity securities	19.957	-	-	19.957
Derivative instruments	-	66.668	-	66.668
Total assets	**19.957**	**66.668**	**-**	**86.625**
Derivative instruments	-	72.950	-	72.950
Total liabilities	**-**	**72.950**	**-**	**72.950**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 35 - EARNINGS PER SHARE

Earnings per share:	**2014**	**2013**
Profit for the period	4.214.282	4.000.309
Profit attributable to non-controlling interests	1.504.137	1.320.596
Profit attributable to equity holders of the parent	2.710.145	2.679.713
Weighted average number of shares with nominal value of Kr 1 each	253.589.805.000	253.589.805.000
Earnings per share (Kr)	**1,069**	**1,057**

NOTE 36 - SUPPLEMENTARY CASH FLOW INFORMATION

Supplementary information for the details included in the consolidated cash flow statements as of 31 December 2014 and 2013 is as follows:

Changes in provisions:	**31 December 2014**	**31 December 2013**
Provisions for impairment on inventories	97.604	(3.020)
Provisions for lawsuits and penalties	59.422	(5.092)
Cost accruals for construction contracts	54.373	(126.018)
Provisions for loans and doubtful receivables	46.985	54.192
Provisions for employee benefits	35.978	23.135
Provisions for warranty and assembly	(17.232)	42.538
Provisions for Competition Board penalty	-	309.011
Other provisions	7.343	43.264
	284.473	**338.010**

Changes in net working capital:		
Inventories	981.437	(886.148)
Trade receivables	1.407.605	(1.347.533)
Trade payables	(825.144)	2.649.411
Other assets and liabilities, net	122.177	6.597
Receivables from finance sector operations	(592.800)	(223.212)
Currency translation differences	(45.830)	152.137
	1.047.445	**351.252**

Cash and cash equivalents:		
Cash and cash equivalents (Note 5)	9.907.831	8.897.078
Less: Blocked deposits (Note 5)	(676.882)	(567.010)
	9.230.949	**8.330.068**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.6)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 37 - EVENTS AFTER THE BALANCE SHEET DATE

i) Tüpraş, a Subsidiary of the Group, has obtained necessary permissions to issue bonds to qualified investors without public offering in Turkey up to a ceiling of TL1 billion. The issuance of bond with a nominal value of TL200 million, with a maturity of 728 days and fixed coupon payment in every six months was completed on 19 January 2015.

ii) The settlement process related to the tax reports and tax fine notices arising from the tax inspections started by the Ministry of Finance Tax Audit Board in 2013 at Tüpraş and Aygaz, the Subsidiaries of the Group, and at Opet, a Joint Venture of the Group, was completed on 26 February 2015 (Note 7.e and Note 19).

Koç Holding A.Ş. Balance Sheet and Income Statement

Information Document Regarding the Ordinary General Assembly Meeting

Koç Holding A.Ş. Balance Sheet at 31 December 2014 and 2013 Issued According to the Legal Records (TL)

ASSETS			31/12/2014			31/12/2013
CURRENT ASSETS			**3,626,314,169.43**			**3,358,998,882.63**
Cash and Cash Equivalents		3,372,520,541.58			3,283,227,269.18	
Cash	700.00			700.00		
Banks	3,372,519,841.58			3,283,226,569.18		
Short Term Trade Receivables		75,546,574.95			39,874,816.84	
Customers	75,546,574.95			39,874,816.84		
Doubtful Receivables	688,179.03			542,008.80		
Provision for Doubtful Receivables	-688,179.03			-542,008.80		
Other Short Term Receivables		3,250.82			-	
Receivables from Shareholders	3,250.82			-		
Inventories		106,607,699.52			-	
Other Inventories	106,607,699.52			-		
Other Current Assets		71,636,102.56			35,896,796.61	
Prepaid Taxes and Funds	28,310,693.90			208,698.74		
Other Miscellaneous Current Assets	43,325,408.66			35,688,097.87		
NON-CURRENT ASSETS			**6,990,082,826.08**			**6,697,213,367.40**
Long Term Trade Receivables		20,438.93			6,786.83	
Deposits and Guarantees Given	20,438.93			6,786.83		
Financial Non-Current Assets		6,647,234,794.23			6,409,576,243.35	
Associates	3,833,247,090.25			3,658,743,586.86		
Capital Commitment to Associates	-1,715,000.00			-		
Subsidiaries	2,815,702,703.98			2,753,199,656.49		
Capital Commitment to Subsidiaries	-			-2,367,000.00		
Property, Plant and Equipment		337,855,096.93			282,921,429.90	
Lands	32,967,975.16			32,967,975.16		
Land Improvements	8,167,536.74			8,167,536.74		
Buildings	237,185,344.89			159,561,039.18		
Motor Vehicles Equipment	256,202,740.79			187,564,931.64		
Furnitures and Fixtures	11,343,439.21			9,758,009.01		
Accumulated Depreciation	-216,950,748.01			-187,916,098.67		
Ongoing Investments	8,938,808.15			45,940,591.59		
Advances Given	-			26,877,445.25		
Intangible Assets		264,676.65			421,350.54	
Rights	3,627,926.88			3,499,790.28		
Leasehold Improvements	5,100,886.32			5,100,886.32		
Accumulated Depreciation	-8,464,136.55			-8,179,326.06		
Prepaid Expenses for the Following Years		4,707,819.34			4,287,556.78	
Prepaid Expenses for the Following Years	4,707,819.34			4,287,556.78		
TOTAL ASSETS			**10,616,396,995.51**			**10,056,212,250.03**

LIABILITIES			31/12/2014			31/12/2013
CURRENT LIABILITIES			**224,195,398.68**			**195,404,770.02**
Trade Payables		10,912,218.89			57,289,863.75	
Suppliers	10,901,783.84			57,278,512.35		
Deposits and Guarantees Received	10,435.05			11,351.40		
Other Current Liabilities		83,268,050.96			113,268,825.42	
Liabilities to Associates	7,199,185.00			8,829,181.00		
Taxes and Duties Payable	36,430,353.67			41,929,965.96		
Other Debts	39,638,512.29			62,509,678.46		
Provision for Debts and Expenses		130,015,128.83			24,846,080.85	
Provision for Profit of Period Taxes and Other Legal Duties	39,124,159.88			10,473,989.98		
Other Provision for Debts and Expenses	90,890,968.95			14,372,090.87		
NON-CURRENT LIABILITIES			**1,745,180,676.36**			**1,606,170,928.89**
Financial Liabilities		1,739,175,000.00			1,600,725,000.00	
Bonds Issued	1,739,175,000.00			1,600,725,000.00		
Provision for Debts and Expenses		6,005,676.36			5,445,928.89	
Provision for Employment Termination Benefits	6,005,676.36			5,445,928.89		
EQUITY			**8,647,020,920.47**			**8,254,636,551.12**
Total Share Capital		2,507,888,937.81			2,507,888,937.81	
Paid-in Share Capital	2,535,898,050.00			2,535,898,050.00		
Adjustment to Share Capital - Positive	34,548,215.22			34,548,215.22		
Adjustment to Share Capital - Negative	-62,557,327.41			-62,557,327.41		
Issue Premium		9,705,724.30			9,705,724.30	
Capital Reserves		316,665,813.87			313,228,450.23	
Other Capital Reserves	316,665,813.87			313,228,450.23		
Reserves		4,762,487,367.76			4,333,325,092.62	
Legal Reserves	390,362,185.35			344,581,762.34		
Extraordinary Reserves	2,227,547,697.94			1,847,938,248.49		
Special Funds	2,144,577,484.47			2,140,805,081.79		
Prior Years' Income-Inf. Adj. Profit-2004		174,879,886.04			174,879,886.04	
Profit for the Period		875,393,190.69			915,608,460.12	
TOTAL LIABILITIES AND EQUITY			**10,616,396,995.51**			**10,056,212,250.03**

Koç Holding A.Ş. Income Statement for the Period of 1 January-31 December 2014 and 2013, Issued According to the Legal Records (TL)

		2014		2013
GROSS REVENUES		**145,944,445.85**		**100,462,594.39**
Domestic Revenues	145,944,445.85		100,462,594.39	
OPERATING EXPENSES		**-317,320,651.84**		**-238,751,802.44**
General Administrative Expenses	-317,320,651.84		-238,751,802.44	
ORDINARY INCOME AND PROFIT FROM OTHER OPERATIONS		**1,265,373,175.16**		**1,421,847,478.54**
Dividend Income from Associates	731,368,805.96		835,637,362.28	
Dividend Income from Subsidiaries	-		38,242,280.40	
Interest Income	197,440,806.09		144,700,570.71	
F/X Income	315,973,264.70		385,278,014.60	
Profit on Sale of Marketable Securities	-		51,180.37	
Other Ordinary Income and Profit	20,590,298.41		17,938,070.18	
ORDINARY EXPENSES AND LOSSES FROM OTHER OPERATIONS		**-146,004,295.65**		**-66,708,794.79**
Provision Expenses	-717,917.70		-896,321.59	
F/X Losses	-145,286,377.95		-61,038,508.10	
Losses on Sale of Marketable Securities	-		-4,773,965.10	
FINANCIAL EXPENSES		**-197,367,964.52**		**-286,252,300.40**
Short Term Borrowing Expenses	-873,932.41		-1,334,452.90	
Long Term Borrowing Expenses	-196,494,032.11		-284,917,847.50	
EXTRAORDINARY INCOME AND PROFIT		**178,572,950.39**		**371,970.28**
Other Extraordinary Income and Profit	178,572,950.39		371,970.28	
EXTRAORDINARY EXPENSES AND LOSSES		**-14,680,308.82**		**-4,886,695.48**
Other Extraordinary Expenses and Losses	-14,680,308.82		-4,886,695.48	
PROFIT FOR THE PERIOD		**914,517,350.57**		**926,082,450.10**
TAXES PAYABLES AND OTHER LEGAL LIABILITIES		**-39,124,159.88**		**-10,473,989.98**
NET PROFIT FOR THE PERIOD		**875,393,190.69**		**915,608,460.12**

Koç Holding Information Document for the 31 March 2015 Ordinary General Assembly to Review Financial Year 2014

1. INVITATION TO THE 31 MARCH 2015 ORDINARY GENERAL ASSEMBLY

Koç Holding A.Ş.'s Ordinary General Assembly Meeting shall be convened on 31 March 2015 Tuesday at 16:00 (2pm GMT) at the address of Nakkaştepe Azizbey Sok. No. 1, 34674 Kuzguncuk-Üsküdar/Istanbul (Tel: +90 216 531 00 00, Fax: +90 216 531 00 99). At the meeting, the activities of the Company for the fiscal year 2014 will be reviewed, the following agenda will be discussed, and a resolution regarding the agenda will be reached.

In accordance with legal requirements, 2014 Financial Statements, the Independent Auditor's Report (prepared by our Independent Auditors, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, a member firm of Ernst & Young Global Limited), the Corporate Governance Compliance Report, and the Board of Directors' Annual Report, including the dividend distribution proposal of the Board of Directors, along with the following agenda and the Memorandum containing the information required by Capital Markets Board regulations shall be made available to the shareholders at Company Headquarters, on the Company's corporate website at www.koc.com.tr, on the Public Disclosure Platform, and in the Electronic General Meeting System of the Central Registry Agency three weeks prior to the meeting.

Shareholders unable to attend the meeting in person, save for the rights and obligations of the ones participating electronically via the Electronic General Assembly System, shall prepare their proxy documents as per the attached sample forms, or shall obtain a proxy sample form from Yapı Kredi Yatırım Menkul Değerler A.Ş. (Yapı Kredi Plaza / Levent-Istanbul), our Company, or from the corporate website at www.koc.com.tr and shall submit to the Company the notarized proxy documents issued in accordance with the requirements of the Communiqué No. II-30.1, Use of Proxy Vote and Proxy Collection through Invitation, enacted on 24 December 2013 and published in Official Gazette No. 28861. A proxy document is not required from a proxy appointed electronically through the Electronic General Meeting System. The proxy documents which do not comply with the requirements of the aforementioned Communiqué, and the sample form attached hereto shall not be accepted, given our legal liability.

Shareholders intending to vote via the Electronic General Meeting System are requested to obtain information from the Central Registry Agency, our Company's website at www.koc.com.tr or from the Company Headquarters (Tel: +90 216 531 00 00) to ensure that they comply with the provisions of the by-laws for the Electronic Shareholders Meeting for Joint Stock Companies.

Pursuant to Paragraph 4 of Article 415 of Turkish Commercial Code No. 6102 and Paragraph 1 of Article 30 of the Capital Markets Law, the right to attend the General Assembly and voting rights shall not be conditional on depositing the share certificates. Accordingly, shareholders participating in the General Assembly do not need to block their shares.

At the Ordinary General Assembly Meeting, the voters shall use open voting system by raising hands, without prejudice to the provisions of electronic voting regarding the voting of each item on the agenda.

All right holders and stakeholders as well as the press are invited to the General Assembly Meeting.

Pursuant to the Capital Markets Law, shareholders holding registered shares that are traded on the stock exchange will not receive a separate registered invitation letter for the meeting.

It is submitted to the shareholders with due respect.

KOÇ HOLDİNG A.Ş.
Board of Directors

Company Address: Nakkaştepe Azizbey Sok. No:1 34674 Kuzguncuk-Üsküdar/İstanbul
Trade Registry and Number: İstanbul/85714

Koç Holding Information Document for the 31 March 2015 Ordinary General Assembly to Review Financial Year 2014

2. ADDITIONAL EXPLANATIONS IN VIEW OF CMB REGULATIONS

The additional explanations required pursuant to Capital Markets Board (CMB) Corporate Governance Communiqué No. II-17.1, enacted 3 January 2014, are made in the related articles of the agenda below. Other mandatory general explanations are provided in this section.

2.1. Capital Structure and Voting Rights

As of the date of the publication of this Information Note, information concerning the total number of shares and voting rights, and if there are privileged shares in the share capital, the number of shares and voting right representing each privileged share, and the type of privilege, is provided below:

Company shares are divided into two groups, Group A and Group B. Each Group A share has two votes at the General Assembly.

The voting rights of our shareholders, taking into consideration privileged shares, are provided in the following table:

SHAREHOLDER	SHARE AMOUNT (TL)	EQUITY RATIO (%)	VOTING RIGHT	VOTING RIGHT STAKE (%)
Koç Family (B Group)	654,607,780	25.81	65,460,778,117	20.36
Temel Ticaret ve Yatırım A.Ş. (B Group)	401,210,786	15.82	40,121,078,570	12.48
Temel Ticaret ve Yatırım A.Ş. (A Group)	678,773,422	26.77	135,754,684,460	42.23
Koç Holding Retirement and Assistance Fund Foundation (B Group)	50,451,548	1.99	5,045,154,800	1.57
Vehbi Koç Foundation (B Group)	181,405,360	7.15	18,140,536,000	5.64
Rahmi M. Koç and Mahdumları A.Ş. (B Group)	2,658,789	0.11	265,878,900	0.08
Public Float (B Group)	566,790,365	22.35	56,679,036,452	17.63
TOTAL	**2,535,898,050**	**100.00**	**321,467,147,299**	**100.00**

The majority of the shares of Temel Ticaret ve Yatırım A.Ş. belong to Koç Family members.

2.2. Managerial and operational changes in our Company or our subsidiaries' that may significantly affect the activities of our Company

There are no managerial or operational changes that has or that will substantially affect the Company's activities in the previous accounting period, or planned for the upcoming accounting periods.

2.3. Information regarding demands of shareholders to place an article on the agenda
No request has been submitted in writing to the Koç Holding Investment Relations Department concerning the desire of shareholders to have an article placed on the agenda.

3. ANNOUNCEMENTS PERTAINING TO THE AGENDA ARTICLES OF THE ORDINARY GENERAL ASSEMBLY MEETING AT 31 MARCH 2015

1. Opening and election of the Chairmanship Committee
Within the framework of the provisions of "Turkish Commercial Code (TCC) no. 6102" and "the Regulation of the Ministry of Customs and Commerce regarding Principles and Procedures of General Assembly Meetings of Joint Stock Companies and Representatives of the Ministry of Customs and Commerce to be Present in these Meetings" ("Regulation" or "General Assembly Regulation"), and General Assembly Principles Article 7, a Chairman shall be elected to chair the General Assembly meeting. Within the framework of the General Assembly Principles, at least one person will be appointed as Secretary. The Chairman may also appoint an adequate number of vote-collectors.

2. Presentation for discussion and approval of the Annual Report of the Company for the year 2014 as prepared by the Board of Directors
Within the framework of the TCC, the Regulation and the Capital Markets Law and related regulations, information shall be given on the 2014 Annual Report that includes the Corporate Governance Compliance Report, which has been disclosed at the Headquarters of our Company, on the Electronic General Assembly portal of the Central Registry Agency and on the corporate website of the Company at www.koc.com.tr for review of our shareholders three weeks before the General Assembly meeting and it shall be presented for perusal and approval of our shareholders.

3. Presentation of the summary of the Independent Audit Report for the year 2014
A summary of the Independent Auditor's Report, which is prepared in accordance with the TCC and CMB regulations and posted three weeks prior to the General Assembly meeting at Company Headquarters, the Electronic General Assembly Portal of the CRA, on the PDP and www.koc.com.tr, will be read aloud.

4. Presentation for discussion and approval of the Financial Statements of the Company for the year 2014
Information about our financial statements and legal statutory accounts, which, pursuant to the TCC, bylaws and the Capital Markets Law are posted three weeks prior to the General Assembly meeting at our Company Headquarters, on the Electronic General Assembly Portal of the CRA, on the PDP and on www.koc.com.tr for review of our shareholders, shall be provided to our shareholders for their evaluation and approval.

5. Approval of the change in the Board of Directors during the fiscal year in accordance with TCC Article 363
In accordance with Article 363 of TCC, Mustafa Kemal Olgaç has been appointed by Board of Directors' resolution dated 30.09.2014 and CMB's approval dated 20.10.2014, to fulfill the terms of office of Sanford I. Weill who resigned from his duty in 2014.

The CV of Mustafa Kemal Olgaç is submitted in Appendix 2 together with the CVs of the Board of Directors candidates.

6. Release of each member of the Board of Directors from liability for the affairs of the Company for the year 2014
Pursuant to the TCC and Bylaws, the release of our Board of Directors members for the activities, transactions and accounts for the year 2014 shall be submitted to the General Assembly for its approval.

Koç Holding Information Document for the 31 March 2015 Ordinary General Assembly to Review Financial Year 2014

7. Approval, approval with modifications, or disapproval of the Board of Directors' proposal on distribution of profits for the year 2014 and the distribution date
According to our financial statements, prepared by our Company within the framework of the Turkish Commercial Code and Capital Markets Law and related regulations in compliance with Turkish Financial Reporting Standards and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst & Young Global Limited) covering the accounting period between 01.01.2014 – 31.12.2014; consolidated profit attributable to equity holders of the parent in the amount of TL 2,710,145,000 has been obtained. The dividend payment proposal drawn up in accordance with the Dividend Distribution Table format provided in the Dividend Communiqué numbered II-19.1 and the Dividend Manual announced in accordance with the said Communiqué, and taking into account the Company's Dividend Distribution Policy, long-term strategy, investment and financing policies, profitability and liquidity, is provided in Appendix 1.

8. Resolution of the number of the members of the Board of Directors and their terms of office, and election of the members of the Board of Directors in accordance with the resolved number and election of the Independent Board Members
The number of members on the Board of Directors and their terms of office shall be designated in accordance with CMB regulations, TCC and Bylaws and the principles governing the selection of members of the Board of Directors in the Articles of Association. New members to replace Board members whose terms of office have expired accordingly shall be elected. In addition, Independent Members of the Board of Directors shall be elected in compliance with the CMB's Corporate Governance Communiqué No. II-17.1.

According to Article 11 of the Articles of Association, the Company's business and management are conducted by a Board of Directors consisting of at least 9 and at most 15 members, elected in line with the TCC and CMB regulations. The General Assembly may decide on the renewal of the Board of Directors even if their terms of office have not expired.

One third of the elected Board of Director members are required to meet the independence criteria as defined in the CMB's mandatory Corporate Governance Principles.

The Board of Directors, upon receipt of a proposal of the Candidate Nominating and Remuneration Committee, has designated the following candidates as the Independent Members of the Board of Directors: Dr. Victor K. Fung, Muharrem Kayhan, Kutsan Çelebican, Mustafa Kemal Olgaç and Jacques Nasser. The CMB has not given any negative opinion on these candidates according to its statement dated 20.02.2015.

The CVs of Board of Directors candidates and Declarations of Independence for the independent member candidates are provided in Appendix 2.

9. In accordance with the Corporate Governance Principles, presentation to the shareholders and approval by the General Assembly, of the "Remuneration Policy" for the members of the Board of Directors and the Senior Executives and the payments made thereof
According to CMB's mandatory Corporate Governance Principle No. 4.6.2, the principles for the remuneration of Board of Directors' members and senior management shall be made available in writing and included as a separate article on the General Assembly Meeting agenda to enable the shareholders to share their opinions on the same. The Remuneration Policy that was adopted by the General Assembly decision dated 2 April 2014 is attached hereto as Appendix 3 for this purpose. Information on the compensation of the members of the Board of Directors and the senior management has been cited in footnote No. 29 of our financial statements, attached to the 2014 Annual Report.

10. Resolution of the monthly gross salaries to be paid to the members of the Board of Directors
The monthly gross remuneration to be paid to the members of the Board of Directors in 2015 shall be determined by the shareholders as per our Remuneration Policy submitted for the approval of the shareholders as per item 9 of the agenda.

11. Approval of the appointment of the Independent Audit Firm as selected by the Board of Directors, in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board regulations
In accordance with the Turkish Commercial Code and Capital Markets Board regulations, and taking into consideration the opinion of the Audit Committee, the Board of Directors resolved at their 17 February 2015 meeting to have Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (a member firm of Ernst & Young Global Limited) serve as the independent auditors of the Company's financial reports for the financial year 2015 and to let it conduct other activities that fall within its purview within the context of the regulations. This decision shall be submitted to the General Assembly for ratification.

12. Presentation to the shareholders, of the donations made by the Company in 2014, and resolution of an upper limit for donations for the year 2015
Pursuant to Article 6 of the CMB's Communiqué on Dividends No. II-19.1, the limit of donations to be made must be determined by the General Assembly, in cases not specified in the Articles of Association, and information concerning the donations and payments made must be provided to shareholders at the General Assembly. Donations totaling TL 2,915,003 were made to foundations and associations in 2014. The upper limit of donations to be made in 2015 shall be decided by the General Assembly.

13. In accordance with Capital Markets Board legislation, presentation to the shareholders, of the collaterals, pledges, mortgages and sureties granted in favor of the third parties in the year 2014 and of any benefits or income thereof
Pursuant to Article 12 of the Capital Markets Board Corporate Governance Communiqué No. II-17.1, income or benefits derived by our Company and/or its Subsidiaries from collaterals, pledges, mortgages and sureties against third parties must be stipulated in a separate article of the agenda of the General Assembly. This is indicated in footnote No. 32 of our financial statements dated 31 December 2014.

14. Authorization of the shareholders with management control, the members of the Board of Directors, the senior executives and their spouses and relatives related by blood or affinity up to the second degree as per the provisions of articles 395 and 396 of the Turkish Commercial Code and presentation to the shareholders, of the transactions carried out thereof in the year 2014 pursuant to the Corporate Governance Communique of the Capital Markets Board
The members of the Board of Directors can do business only with the approval of the General Assembly, as stipulated in the first subsection of Articles 395 and 396 of the TCC entitled Competition Ban and Ban on Doing Business with the Company and Borrowing for the Company.

Pursuant to the Capital Markets Board Mandatory Corporate Governance Principles No. 1.3.6, the General Assembly shall be informed in the event that shareholders having managerial control, shareholder board members, senior management and relatives up to the second degree of blood or affinity engaged in a significant business transaction creating a conflict of interest with the Company or its subsidiaries, competed with the company in the same line of business on their own behalf or on the behalf of others, or was involved in the same business as that of the Company as unlimited partner in another company. Information about said transactions must be included as a separate article on the agenda and recorded into the minutes of the General Assembly.

To fulfill the requirements of these regulations, permission shall be sought from the shareholders at the General Assembly and the shareholders shall be informed of any transaction in this respect. Accordingly, the information regarding the purchase of shares of our subsidiary, Tek Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. in 2014 as disclosed to the public on 08.05.2014 shall be submitted to the shareholders.

15. Wishes and Opinions.

Koç Holding Information Document for the 31 March 2015 Ordinary General Assembly to Review Financial Year 2014

APPENDICES:

APPENDIX 1 - 2014 Dividend Distribution Proposal
APPENDIX 2 - CVs of Board of Directors Candidates and Independence Declarations of Independent Board Member Candidates
APPENDIX 3 - Remuneration Policy for Board of Directors and Executive Management

APPENDIX 1 - 2014 DIVIDEND DISTRIBUTION PROPOSAL

See page 20 and 21.

APPENDIX 2 - CVS OF BOARD OF DIRECTORS CANDIDATES AND INDEPENDENCE DECLARATIONS OF INDEPENDENT MEMBER CANDIDATES

Jacques Nasser (Independent Board Member Candidate)

Jacques Nasser is the Chairman of BHP Billiton. He has been a member of the Board of BHP Billiton from 2006. He also presently serves on the Boards of 21st Century Fox and the International Advisory Board of Allianz. Following a 33-year, global career with Ford Motor Company, Mr. Nasser served as a member of the Board of Directors, and as President and Chief Executive Officer of Ford from 1998- 2001. In addition, he has also served on the Boards of Brambles Industries and News Corporation's British Sky Broadcasting and as a Partner of One Equity Partners, the private equity investment arm of JPMorgan Chase. Mr. Nasser has received a Doctorate of Technology honoris causa and graduated in Business from RMIT University, Melbourne, Australia. In recognition of his work for industry, as an advisor to government, and for education in the area of technology, he was awarded an Order of Australia and a Centenary Medal. Mr. Nasser was also awarded the Order of the Cedar from Lebanon. In 2008 he received the Ellis Island Medal of Honor for outstanding contributions to American Society.

For CVs of other Board of Directors Candidates, please refer to page 124.

INDEPENDENCE DECLARATIONS OF INDEPENDENT MEMBER CANDIDATES

DECLARATION FOR INDEPENDENCY

I hereby declare my candidacy to serve as an independent board member on the Board of Directors of Koç Holding A.Ş. ("Company") within the framework of the applicable legislation, articles of association of the Company and the criteria stated in the Communique on Corporate Governance Principles nr. II-17.1 of the Capital Markets Board ("CMB") subject to the consent of the CMB in view of the criteria of "qualifying *as a Turkish resident under the IncomeTax Law*". In this regard, I also confirm that;

a) In the last five years, there has not been any relationship in terms of employment for key management positions assuming significant duties and responsibilities; any joint or several ownership exceeding 5% of capital or voting rights or privileged rights; or any material commercial transactions between the Company, or the entities where the Company has the managerial control or substantial influence thereon, or any shareholders which has the managerial control or substantial influence over the Company, or any legal entity where such shareholders have the managerial control thereon; and myself, my spouse and my blood or affinity relatives up to the second degree;

b) In the last five years, I have not had a shareholding of or over 5% therein, or been employed by for any key management position, assuming significant duties and responsibilities, in a company, or served as a board member for any company, which the Company purchases from or supplies to any goods or services at a substantial level under any respective contract, particularly for the audit (including tax, legal and internal audit), rating and consultancy services over the course of the provision of such goods or services;

c) I have the adequate skills, competence, knowledge and expertise to fulfill my duties as an independent board member;

d) After my election, I will not work full time in a public institution or organization, except for the academic membership in compliance with the applicable legislation,

e) I have strong ethical standards, professional reputation and expertise to make effective contributions to the business of the Company, to protect my objectivity and independence in case of any conflict of interest between the Company and its shareholders and to make objective business decisions considering the rights of the stakeholders of the Company;

f) I will devote my time to fulfill my duties in full extent and for the supervision of the activities of the Company;

g) In the last ten years, I have not served on the board of the Company more than six years;

h) I do not serve as an independent board member in any Koç Group company or any company listed on Borsa Istanbul.

i) I have not been registered or announced in the name of any legal entity elected as a board member.

Kwok King Victor Fung

Koç Holding Information Document for the 31 March 2015 Ordinary General Assembly to Review Financial Year 2014

DECLARATION FOR INDEPENDENCY

I hereby declare my candidacy to serve as an independent board member on the Board of Directors of Koç Holding A.Ş. ("Company") within the framework of the applicable legislation, articles of association of the Company and the criteria stated in the Communique on Corporate Governance Principles nr. II-17.1 of the Capital Markets Board ("CMB") subject to the consent of the CMB in view of the criteria of "qualifying *as a Turkish resident under the IncomeTex Law*". In this regard, I also confirm that;

a) In the last five years, there has not been any relationship in terms of employment for key management positions assuming significant duties and responsibilities; any joint or several ownership exceeding 5% of capital or voting rights or privileged rights; or any material commercial transactions between the Company, or the entities where the Company has the managerial control or substantial influence thereon, or any shareholders which has the managerial control or substantial influence over the Company, or any legal entity where such shareholders have the managerial control thereon; and myself, my spouse and my blood or affinity relatives up to the second degree;

b) In the last five years, I have not had a shareholding of or over 5% therein, or been employed by for any key management position, assuming significant duties and responsibilities, in a company, or served as a board member for any company, which the Company purchases from or supplies to any goods or services at a substantial level under any respective contract, particularly for the audit (including tax, legal and internal audit), rating and consultancy services over the course of the provision of such goods or services;

c) I have the adequate skills, competence, knowledge and expertise to fulfill my duties as an independent board member;

d) After my election, I will not work full time in a public institution or organization, except for the academic membership in compliance with the applicable legislation,

e) I have strong ethical standards, professional reputation and expertise to make effective contributions to the business of the Company, to protect my objectivity and independence in case of any conflict of interest between the Company and its shareholders and to make objective business decisions considering the rights of the stakeholders of the Company;

f) I will devote my time to fulfill my duties in full extent and for the supervision of the activities of the Company;

g) In the last ten years, I have not served on the board of the Company more than six years;

h) I do not serve as an independent board member in any Koç Group company or any company listed on Borsa Istanbul.

i) I have not been registered or announced in the name of any legal entity elected as a board member.

Muharrem Hilmi Kayhan

DECLARATION FOR INDEPENDENCY

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d) After my election, I will not work full time in a public institution or organization, except for the academic membership in compliance with the applicable legislation,

e) I have strong ethical standards, professional reputation and expertise to make effective contributions to the business of the Company, to protect my objectivity and independence in case of any conflict of interest between the Company and its shareholders and to make objective business decisions considering the rights of the stakeholders of the Company;

f) I will devote my time to fulfill my duties in full extent and for the supervision of the activities of the Company;

g) In the last ten years, I have not served on the board of the Company more than six years;

h) I do not serve as an independent board member in any Koç Group company or any company listed on Borsa Istanbul.

i) I have not been registered or announced in the name of any legal entity elected as a board member.

Kutsan Çelebican

Koç Holding Information Document for the 31 March 2015 Ordinary General Assembly to Review Financial Year 2014

DECLARATION FOR INDEPENDENCY

I hereby declare my candidacy to serve as an independent board member on the Board of Directors of Koç Holding A.Ş. ("Company") within the framework of the applicable legislation, articles of association of the Company and the criteria stated in the Communique on Corporate Governance Principles nr. II-17.1 of the Capital Markets Board ("CMB") subject to the consent of the CMB in view of the criteria of "qualifying *as a Turkish resident under the IncomeTex Law*". In this regard, I also confirm that;

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c) I have the adequate skills, competence, knowledge and expertise to fulfill my duties as an independent board member;

d) After my election, I will not work full time in a public institution or organization, except for the academic membership in compliance with the applicable legislation,

e) I have strong ethical standards, professional reputation and expertise to make effective contributions to the business of the Company, to protect my objectivity and independence in case of any conflict of interest between the Company and its shareholders and to make objective business decisions considering the rights of the stakeholders of the Company;

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i) I have not been registered or announced in the name of any legal entity elected as a board member.

Mustafa Kemal Olgaç

DECLARATION FOR INDEPENDENCY

I hereby declare my candidacy to serve as an independent board member on the Board of Directors of Koç Holding A.Ş. ("Company") within the framework of the applicable legislation, articles of association of the Company and the criteria stated in the Communique on Corporate Governance Principles nr. II-17.1 of the Capital Markets Board ("CMB") subject to the consent of the CMB in view of the criteria of "qualifying *as a Turkish resident under the IncomeTax Law*". In this regard, I also confirm that;

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h) I do not serve as an independent board member in any Koç Group company or any company listed on Borsa Istanbul.

i) I have not been registered or announced in the name of any legal entity elected as a board member.

Jacques Nasser

APPENDIX 3 - REMUNERATION POLICY FOR BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

See page 23.

Milestones

We continue our journey, started in 1926, by continuously creating added value for all our stakeholders.

1926
ESTABLISHMENT YEARS

16-year-old Vehbi Koç begins his career at his father's grocery store in Ankara. He registers it with the Ankara Chamber of Commerce under the name Koçzade Ahmet Vehbi on May 31, 1926, the date that symbolizes the official foundation of the Koç Group.

1930s
THE FIRST JOINT STOCK COMPANY: KOÇ TİCARET A.Ş.

Koç Ticaret A.Ş. is established in 1938. This company acts as the cornerstone and development center for the initiatives that over time create Koç Group, and is the **first in Turkey to make managers shareholders**. Foreign representations are acquired during this period and Ram Commercial Corporation, **the first Turkish company in the US**, is established.

1940s
FIRST INDUSTRIAL VENTURES

In the late 1940s, the Group enters the manufacturing sector. A joint venture agreement signed with General Electric in 1948 results in Koç Group's **first industrial venture**, a light bulb factory.

1950s
INTERNATIONAL PARTNERSHIPS

In 1951, the first Turkish light bulb was introduced to the market, following the **first Turkish-American joint investment** together with General Electric. An agreement is made with Ford, which will evolve into the Ford-Otosan partnership in the coming years.

1960s
INSTITUTIONALIZATION

Koç Holding A.Ş. is founded in 1963 with Vehbi Koç as Chairman of the Board to facilitate rapid growth and development and build a corporate structure.

In 1969, Vehbi Koç Foundation, which is the **first and largest foundation in Turkey**, is established to enrich life and accelerate Turkey's development.

1970s
FIRST PUBLIC OFFERING

In order to secure capital for **large investments** that would **contribute to the economic development of Turkey** by directing the savings to investment, the Group focuses on public offerings. Part of the shares in Aygaz and Koç Holding are sold to Koç Group employees. The shares of Kav match factory, established in 1970, are offered to the public.

GROWTH AND EXPORTS

In the 1970s, Koç Group continues its uninterrupted growth and acquires new companies, concentrates on exports and establishes foreign trade companies.

1980s
SECOND GENERATION TAKES OVER

A great believer in institutionalization, Vehbi Koç names his son Rahmi M. Koç Chairman of the Board of Directors in 1984 and remains as Honorary Chairman of Koç Holding.

1987
VEHBİ KOÇ IS NAMED "BUSINESSMAN OF THE YEAR"

Vehbi Koç is named **"Businessman of the Year"** by the International Chamber of Commerce.

FIRST PRIVATE MUSEUM

The Sadberk Hanım Museum, which currently has a collection of over 18 thousand artifacts, is established as **Turkey's first private museum** in 1980.

1990s
FEBRUARY 25, 1996: THE END OF AN EXTRAORDINARY LIFE

Vehbi Koç passes away on February 25, 1996 at the age of 95. His extraordinary life was marked by constant activity and achievements.

KOÇ GROUP GROWS IN BANKING

In 1992, Koç Holding fully acquires Koç-American Bank, which was established as a joint venture with American Express Company in 1986. The Bank is renamed Koçbank.

2000s
A NEW VISION FOR THE NEW MILLENNIUM

Koç Group enters the new millennium with a new global vision: **"To become one of the worlds's leading companies."**

THIRD GENERATION ASSUMES COMMAND

Rahmi M. Koç turns over the Chairmanship of the Board of Directors to his eldest son Mustafa V. Koç on April 4, 2003. Rahmi M. Koç becomes Honorary Chairman of Koç Holding, a post he continues to hold.

2005-2010
LARGE INVESTMENTS IN ENERGY AND FINANCE

While continuing along its path of sustainable growth, Koç Group acquires majority stakes in Tüpraş, **Turkey's largest industrial enterprise** and Yapı Kredi Bank, a giant of the Turkish banking sector.

KOÇ HOLDİNG SIGNS THE UN GLOBAL COMPACT

A strong sense of corporate citizenship has been an inherent part of Koç Holding since its establishment. With the signing in 2006 of the **United Nations Global Compact,** this became an official policy with an international dimension.

2011-2014
TURKEY'S LARGEST...

Koç Holding is **Turkey's leading investment holding company** and the Koç Group is Turkey's largest industrial and services group in terms of revenues, exports, taxes, share in Borsa İstanbul's market capitalization and employment generation. Awarded nationally and internationally, Koç Holding is the Turkish economy's driving force, continually striving to consolidate its global position. The Holding is today the **341st largest company in the world**. Koç Holding's foremost objective is to continue creating higher added value for all stakeholders and to manage all its business activities in accordance with international standards of corporate governance, customer satisfaction, social responsibility and environmental protection principles.

2015
IF NOT US, THEN WHO?

Koç Holding's slogan and theme for 2015 is "If not us, then who?"; having determined the theme of 2015 as "If not us, then who?"; **Koç Group, with its 89-year history, has differentiated itself from competitors by achieving numerous breakthroughs in Turkey, from industrialization to globalization, playing key roles with its market leading positions.** Today, as Turkey's largest group of companies, Koç Group will continue to create value for all its shareholders.

Awards and Achievements

Koç Holding continues to be the **only Turkish company on the "Fortune Global 500"** list (the 341st largest according to its 2013 financial results).

The **only Turkish company** to make it to **World's Most Admired Companies** list published by US-based magazine Fortune, Koç Holding also featured in the Most Admired Companies list issued by the Turkish edition of the same magazine.

Koç Group remains Turkey's largest industrial group. According to the Istanbul Chamber of Industry's "Turkey's Top 500 Industrial Enterprises 2013" ranking, **five of the top ten companies are Koç Group companies**.

Four of the top ten companies in the **Turkish Exporters' Assembly's ranking** of the "Top 1,000 Exporters of Turkey" in 2013 are Koç Group companies (1st, 2nd, 5th and 6th).

Koç Holding is **one of only four Turkish companies** on the Boston Consulting Group's (BCG) **"2014 BCG 100: Rising Stars"** list.

Koç Holding was listed among the **world's top companies by R&D investment** according to the "EU Industrial R&D Investment Scoreboard" in 2014. Of the five Turkish companies on the list, two are Koç Group companies.

The Koç Family was honored with one of the most prestigious international awards of its kind, the **Andrew Carnegie Medal of Philanthropy** for its philanthropic contributions to society.

Koç Holding's Honorary Chairman **Rahmi M. Koç** was deemed worthy of the **"Responsible Capitalism Lifetime Achievement Award"** by FIRST.

Istanbul Tax Office gave **awards to income tax champions** Semahat Arsel, Chairman of Vehbi Koç Foundation, Mustafa V. Koç, Chairman of Koç Holding, and Suna Kıraç.

Koç Holding's **"Vocational Education-A Crucial Matter for the Nation" project** was honored with the **Grand Prize of the Turkish Confederation of Employers' Unions** (TİSK) at their 2014 Corporate Social Responsibility Awards.

Koç Holding won the **Gold Mixx** in the Social Marketing, Viral, WOMM category and **Bronze Mixx** awards in two categories, Brand Awareness Positioning and Viral category, at the Holding was granted a total of **5 awards at the competitions** "Mixx Awards 2014" and "MediaCat Felis 2014" for its **"10 November" communication campaign**. Thereby, it received awards in all the categories to which it applied. At "MediaCat Felis 2014," the Holding **placed first** in the categories "Best Digital Platform Use" and "Audience Targets and Engagement."

Koç Holding's successful **human resources practices garnered two awards** at the prestigious Stevie Awards. Koç Holding received the **"Company of the Year"** award for its "KPI (Key Performance Indicators) Monitoring and Human Resources Process Improvement" project and Koç Holding Human Resources Directorate was designated **"Human Resources Department of the Year."**

Koç Holding's **"KPI Monitoring and HR Process Improvement"** project was granted an **"Excellence Award"** by Brandon Hall Group, one of the world's most prestigious consultancies.

Koç Holding was named the company to **enhance its prestige by the largest margin** in the Holdings category of the Integrated Marketing Awards Project **"The ONE Awards"**, which is based on the Prestige and Brand Value Performance Measurement survey conducted by Marketing Türkiye magazine and AKADEMETRE.

In the awards given by the Turkish Investor Relations Association, Koç Holding achieved to rank among the top three in the categories **"Annual Report of the Year"**, **"Best Communication of Financial Results"** and **"Best Website of the Year"** in 2014.

IDENTITY

Trade Name	Koç Holding A.Ş.
Address	Nakkaştepe, Azizbey Sokak No: 1 Kuzguncuk 34674 Üsküdar / İstanbul
Trade Registry and Number	İstanbul Trade Registry / 85714
Web Site Address	www.koc.com.tr
Registered Capital Ceiling	TL 5,000,000,000
Paid-in Capital	TL 2,535,898,050

DISCLAIMER

The Board of Directors' Report, Auditors' Report, Consolidated Financial Statements and Independent Audit Report regarding the operations and financials of the year 2014, included in this Annual Report ("Report"), are prepared in accordance with the legal requirements for the Ordinary General Assembly, which will be held on Wednesday, March 31, 2015 at 4.00pm, at Koç Holding headquarters, Nakkaştepe, Azizbey Sokak No: 1 Kuzguncuk 34674, Istanbul.

This Report is prepared only to provide information to the shareholders, and it is not intended to form the basis of any investment decision. The opinions and statements regarding estimated figures contained within this Report solely reflect the Company management's views with respect to certain future events; thus, the actual results and developments may differ from these estimates depending on the variables and assumptions. Accordingly, neither Koç Group nor its respective advisors, directors or employees shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in, or omission from, this Report, or on any other information or communications in connection with the Report.

All information contained in this Report was believed to be accurate at the time of publication. Koç Holding accepts no responsibility for any spelling or printing errors that may occur during the Report's preparation.

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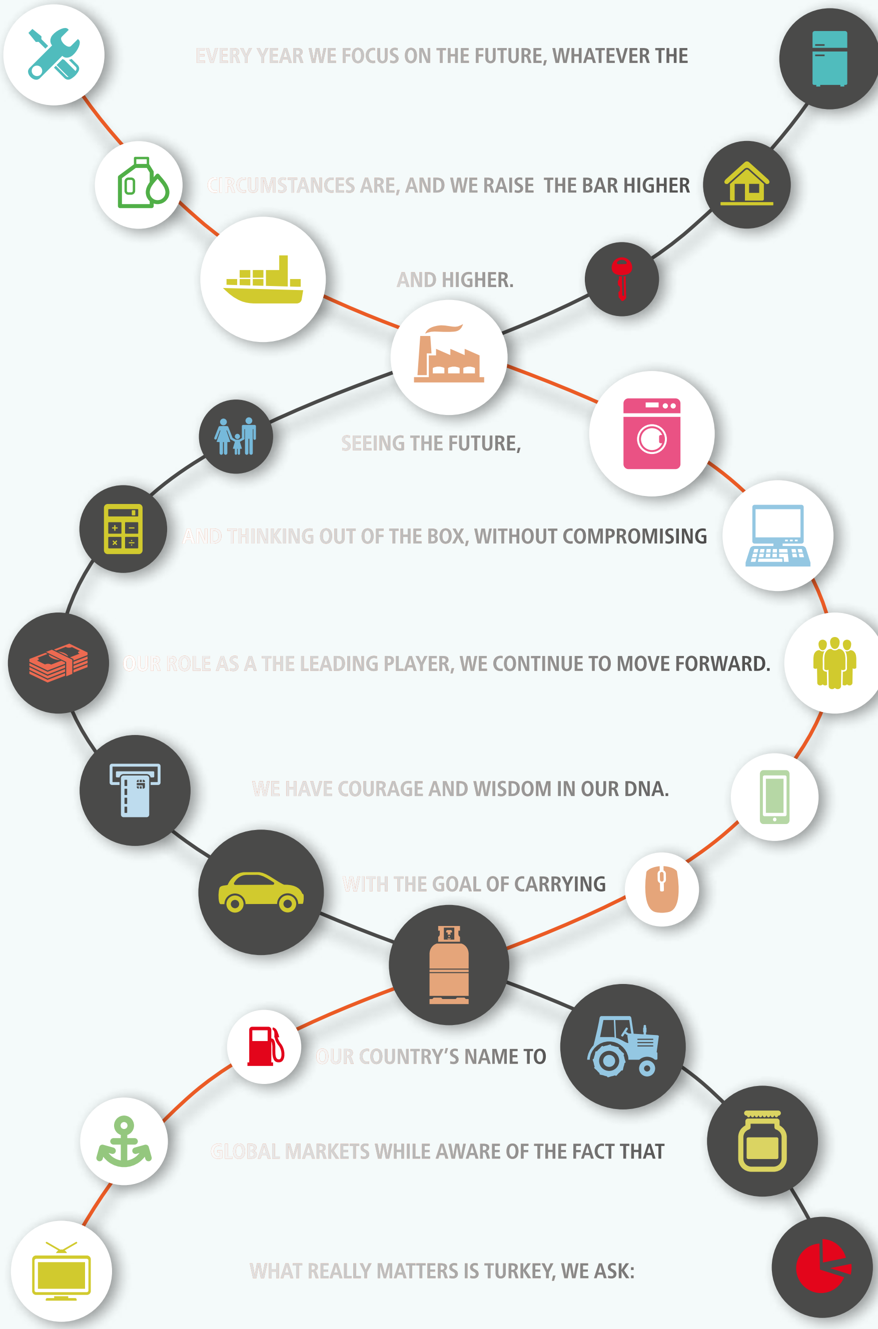

IF NOT US, THEN WHO?

Please download the Annual Report's app to smartphones by reading the QR code.

This report has been published using recycled paper and environment-friendly technologies.