

(Convenience translation of financial statements originally issued in Turkish)

Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**January 1 – December 31, 2015 consolidated financial
statements together with independent auditor's report**

(Convenience translation of financial statements originally issued in Turkish)

Tekstil Yatırım Menkul Değerler Anonim Şirketi

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(Convenience translation of a report originally issued in Turkish)

**Independent auditor's report on the consolidated financial statements
for the fiscal year from 1 January - 31 December 2015**

To the Board of Directors of Tekstil Yatırım Menkul Değerler Anonim Şirketi

Report on Financial Statements

We have audited the accompanying consolidated statement of financial position of Tekstil Yatırım Menkul Değerler A.Ş. ("the Company") and its subsidiary (all together with as "Group") as at December 31, 2015 and the related consolidated statement of 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 notes.

Management's responsibility for the financial statements

The Group management is responsible for the preparation and fair presentation of financial statements in accordance with the Turkish Accounting Standards for such internal controls as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error 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 as issued by the Capital Market Board of Turkey and Auditing Standards which are part of the Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("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 consolidated 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 Group 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 is sufficient and appropriate to provide a basis for our audit opinion.

(Convenience translation of financial statements originally issued in Turkish)

Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

Consolidated statement of financial position

as of December 31, 2015 and 2014

(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

| | | (Audited) | (Audited) |
|---|-------|----------------------|----------------------|
| | | Current period | Prior period |
| | Notes | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 3 | 122,873,705 | 13,124,427 |
| Financial investment | 5 | 1,823,861 | 2,806,364 |
| Trade receivables | | 36,941,061 | 18,356,038 |
| - Trade receivables from related parties | 4 | - | 25,510 |
| - Trade receivables from third parties | 4 | 36,941,061 | 18,330,528 |
| Other receivables | | 17,838 | 4,763 |
| - Other receivables from related parties | | - | - |
| - Other receivables from third parties | 6 | 17,838 | 4,763 |
| Prepaid expenses | 6 | 15,409 | 447 |
| Assets related to current period tax | 6 | 357,292 | 4,178 |
| Total current assets | | 162,029,166 | 34,296,217 |
| Non-current assets | | | |
| Financial investment | 5 | 159,711 | 159,711 |
| Other receivables | | 316,128 | 366,582 |
| - Other receivables from related parties | | - | - |
| - Other receivables from third parties | 6 | 316,128 | 366,582 |
| Property, plant and equipment | 7 | 126,044 | 69,402 |
| Intangible assets | 8 | 55,264 | 51,352 |
| Deferred tax asset | 18 | 187,540 | 198,165 |
| Total non-current assets | | 844,687 | 845,212 |
| Total assets | | 162,873,853 | 35,141,429 |
| Liabilities | | | |
| Short-term liabilities | | | |
| Trade payables | 4 | 128,123,055 | 4,520,936 |
| - Trade payables to related parties | 4 | - | 338,700 |
| - Trade payables to third parties | | 128,123,055 | 4,182,236 |
| Short term liabilities for employee benefits | 6 | 299,967 | 197,455 |
| Short-term provisions | | 567,157 | 626,529 |
| - Provisions for employee benefits | 11 | 527,157 | 506,770 |
| - Other short-term provisions (debt provisions) | 6 | 40,000 | 119,759 |
| Liabilities related to current period tax | 6 | 140,818 | 124,574 |
| Current tax liability | 18 | 408,393 | 148,336 |
| Total current liabilities | | 129,539,390 | 5,617,830 |
| Long-term liabilities | | | |
| Long term provisions | | 484,911 | 517,667 |
| - Provisions for employee benefits | 11 | 484,911 | 517,667 |
| Total long-term liabilities | | 484,911 | 517,667 |
| Shareholders' equity | | | |
| Share capital | 12 | 25,000,000 | 25,000,000 |
| Adjustment to share capital | 12 | 31,279 | 31,279 |
| Financial assets revaluation fund | 12 | 816 | (393) |
| Other comprehensive income / (expense) not to be reclassified to profit or loss | | | |
| - Actuarial loss arising from defined benefit plan | 11 | (104,088) | (55,269) |
| Restricted reserves | 12 | 861,060 | 782,050 |
| Retained earnings | 12 | 3,169,255 | 1,702,090 |
| Net profit for the period | | 3,891,230 | 1,546,175 |
| Total shareholders' equity | | 32,849,552 | 29,005,932 |
| Total liabilities and shareholders' equity | | 162,873,853 | 35,141,429 |

The accompanying notes are an integral part of these financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Consolidated statement of profit or loss and other comprehensive income
as of December 31, 2015 and 2014**

(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

| | | (Audited) December 31, 2015 | (Audited) December 31, 2014 |
|--|----|-----------------------------------|-----------------------------------|
| Sales | 13 | 235,971,592 | 109,193,344 |
| Services revenue | 13 | 9,738,633 | 7,598,264 |
| Cost of sales (-) | 13 | (235,757,981) | (109,229,824) |
| Gross margin from trading operations | | 9,952,244 | 7,561,784 |
| Interest income from the main operations | | 9,059,801 | 3,017,486 |
| Cost of operations in finance sector | | - | - |
| Gross profit from operations in finance sector | 13 | 9,059,801 | 3,017,486 |
| Gross profit | | 19,012,045 | 10,579,270 |
| Administrative expense (-) | 14 | (14,109,533) | (9,589,284) |
| Other income from the main operations | 15 | 225,398 | 8,931 |
| Other expense from the main operations (-) | 15 | (16,468) | (8,486) |
| Result from operating activities | | 5,111,442 | 990,431 |
| Financial income | 16 | 512,344 | 1,240,369 |
| Financial costs (-) | 17 | (673,155) | (247,939) |
| Profit before tax from continuing operations | | 4,950,631 | 1,982,861 |
| Tax expense from continuing operations | 18 | (1,059,401) | (436,686) |
| Current tax (expense)/ income | 18 | (1,036,873) | (442,271) |
| Deferred tax (expense) / income | 18 | (22,528) | 5,585 |
| Profit / (loss) for the period from continuing operations | | 3,891,230 | 1,546,175 |
| Profit / (loss) from discontinued operations | | - | - |
| Profit / (loss) for the period | | 3,891,230 | 1,546,175 |
| Other comprehensive income | | | |
| Other comprehensive income | | (61,024) | (55,269) |
| Change in fair value reserve | | 1,511 | 1,564 |
| Tax on other comprehensive income | | 11,903 | (313) |
| Other comprehensive income / (expense) for the period, net of tax | | (47,610) | (54,018) |
| Total comprehensive income / (expense) | | 3,843,620 | 1,492,157 |

The accompanying notes are an integral part of these financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

Consolidated statement of changes in equity
as of December 31, 2015 and 2014

(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

| | Share capital | Adjustment to share capital | Financial assets revaluation fund | Actuarial loss arising from defined benefit plan | Restricted reserves | Retained earnings | Net profit for the year | Total shareholders' equity |
|--|-------------------|-----------------------------|-----------------------------------|--|---------------------|-------------------|-------------------------|----------------------------|
| Balance as at January 1, 2014 | 10,000,000 | 31,279 | (1,644) | - | 712,364 | 7,268,209 | 1,503,567 | 19,513,775 |
| Total comprehensive income | - | - | - | (55,269) | - | - | 1,546,175 | 1,546,175 |
| Profit for the year | - | - | 1,251 | - | - | - | - | 1,251 |
| Net change in fair value of available-for-sale investment securities | - | - | - | (55,269) | - | - | - | (55,269) |
| Actuarial loss arising from defined benefit plan | - | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | 1,251 | (55,269) | - | - | 1,546,175 | 1,492,157 |
| Transfer to retained earnings | - | - | - | - | - | 1,503,567 | (1,503,567) | - |
| Transfer to legal reserves | - | - | - | - | 69,686 | (69,686) | - | - |
| Distributed dividends | - | - | - | - | - | - | - | - |
| Capital increase (Note 12) | 15,000,000 | - | - | - | - | (7,000,000) | - | 8,000,000 |
| Balance as at December 31, 2014 | 25,000,000 | 31,279 | (393) | (55,269) | 782,050 | 1,702,090 | 1,546,175 | 29,005,932 |
| Balance as at January 1, 2015 | 25,000,000 | 31,279 | (393) | (55,269) | 782,050 | 1,702,090 | 1,546,175 | 29,005,932 |
| Total comprehensive income | - | - | - | (48,819) | - | - | 3,891,230 | 3,891,230 |
| Profit for the year | - | - | 1,209 | - | - | - | - | 1,209 |
| Net change in fair value of available-for-sale investment securities | - | - | - | (48,819) | - | - | - | (48,819) |
| Actuarial loss arising from defined benefit plan | - | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | 1,209 | (48,819) | - | - | 3,891,230 | 3,843,620 |
| Transfer to retained earnings | - | - | - | - | - | 1,467,165 | (1,467,165) | - |
| Transfer to legal reserves | - | - | - | - | 79,010 | - | (79,010) | - |
| Distributed dividends | - | - | - | - | - | - | - | - |
| Capital increase (Note 12) | - | - | - | - | - | - | - | - |
| Balance as at December 31, 2015 | 25,000,000 | 31,279 | 816 | (104,088) | 861,060 | 3,169,255 | 3,891,230 | 32,849,552 |

The accompanying notes are an integral part of these financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

Consolidated statement of cash flow

as of December 31, 2015 and 2014

(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

| | | (Audited) December 31, 2015 | (Audited) December 31, 2014 |
|---|-------|-----------------------------------|-----------------------------------|
| | Notes | | |
| A. Cash flows from operating activities | | 45,616,948 | 967,043 |
| Profit / loss for the period | | 3,891,230 | 1,546,175 |
| Adjustments related with the reconciliation of net profit / loss for the period expenses | | 1,437,166 | (81,882) |
| Depreciation | 7,14 | 131,506 | 51,112 |
| Amortization | 8,14 | 4,285 | 2,640 |
| Provision for unused vacation | 11 | 20,387 | 101,672 |
| Provision for employee termination benefits | 11 | 28,268 | 215,730 |
| Adjustments related with provisions | 6 | - | 70,200 |
| Other financial income (excluding foreign currency gain) | | (479,836) | (1,207,861) |
| Other financial expense | | 673,155 | 247,939 |
| Deferred tax expense / (income) | 18 | 22,528 | (5,585) |
| Adjustments related with current tax liability | 18 | 1,036,873 | 442,271 |
| Changes in working capital | | 41,090,246 | (3,836,583) |
| Adjustments related with increase / decrease in financial investments | | 1,003,876 | (766,118) |
| Adjustments related with increase / decrease in trade receivables from related parties | | 25,510 | 1,272 |
| Adjustments related with increase / decrease in trade receivables from third parties | | (18,610,533) | (4,008,351) |
| Adjustments related with increase / decrease in other current assets | | (64,104,035) | (89,002) |
| Adjustments related with increase / decrease in other receivables | | 21,052 | 150,151 |
| Adjustments related with increase / decrease in trade payables | | 123,602,117 | 949,007 |
| Adjustments related with increase / decrease in other liabilities elated with operations | | (738,015) | (23,506) |
| Employee termination benefits payments | 11 | (109,726) | (43,926) |
| Unused vacation payments | 11 | - | (6,110) |
| Cash flows from operating activities | | (801,694) | 3,339,333 |
| Commissions paid | | (199,346) | (236,574) |
| Dividends received | | 6,209 | 171 |
| Interests received | | 168,259 | 3,978,126 |
| Taxes paid | | (776,816) | (402,390) |
| B. Cash flows from investing activities | | (196,345) | (63,632) |
| Cash outflows from the purchase of property, plant and equipment and intangible assets | 7 | (196,345) | (63,632) |
| C. Cash flows from financing activities | | | |
| Cash outflows related to borrowings | | - | - |
| Dividends paid | | - | - |
| Capital increase | 12 | - | 8,000,000 |
| Net increase / decrease in cash and cash equivalents before the effect of foreign currency translation differences (A+B+C) | | 45,420,603 | 8,903,411 |
| D. The effect of foreign currency translation differences on cash and cash equivalents | | 224,640 | 1,577 |
| Net increase / (decrease) in cash and cash equivalents (A+B+C+D) | | 45,645,243 | 8,904,988 |
| E. Cash and cash equivalents at the beginning of the period | 3 | 12,659,306 | 3,754,318 |
| Cash and cash equivalents at the end of the period (A+B+C+D+E) | 3 | 58,304,549 | 12,659,306 |

The accompanying notes are an integral part of these financial statements.

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Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

Notes to the Consolidated Financial Statements

for the year ended December 31, 2015

(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

1. Organisation and operations of the Company

Tekstil Yatırım Menkul Değerler Anonim Şirketi (the "Company"), formerly Tekstil Menkul Değerler Anonim Şirketi, was established on December 5, 1996 and started its operations on January 10, 1997 by obtaining the operation certificate from Capital Market Boards of Turkey ("CMB"). Tekstil Bankası Anonim Şirketi ("Tekstilbank") performs the agency operations of the Company in accordance with the agency agreement signed with the Company on January 16, 2001.

The trade name of the Company has been changed to "Tekstil Yatırım Menkul Değerler Anonim Şirketi" on the Board of Directors' decision of the Company dated April 12, 2010 with a decision number 236, and was registered at July 27, 2010 in the Trade Registry.

The Company performs capital market activities in accordance with the Articles of Association and Capital Markets Law No: 2499. In this respect, the Company performs the following services for its clients by obtaining the relevant certificates of authorisation from Capital Market Boards of Turkey; trading marketable securities for its own or its customers within the framework of the Capital Markets Law, brokerage activities of the capital market instruments that were offered to the public before or sales to investors of the initially offered capital markets instruments and the trading of such securities during public offering, investment advisory, portfolio management, establishing and management of investment funds and real estate and security investment trusts and margin trading short-selling, borrowing-lending.

The Company has the following certificates of authorisation from CMB :

- Certificate of margin trading, short selling, borrowing and loan securities certificate
- Certificate of public offerings
- Certificate of intermediation for trading in securities
- Certificate of portfolio management
- Certificate of investment advisory
- Certificate of commerce mediation for derivative financial instruments
- Certificate of repo/reverse repo

Tekstilbank owns 99.998% of the company shares. The main parent company of Tekstilbank is GSD Holding A.Ş. ("GSD Group"). The Company operates under GSD Group. The registered office address of the Company is Maslak Mahallesi Büyükdere Caddesi, No:247 Kat:4 34398 Şişli İstanbul. As at December 31, 2015, the Company has 78 employees (December 31, 2013: 53).

Approval of the financial statements:

The financial statements prepared as at December 31, 2015, were approved by the Company's Board of Directors and authorized for issue on February 29, 2016. The General Assembly has the power to amend the financial statements after issue.

Information on subsidiary:

Subsidiary of the Company is ICBC Portföy Yönetimi Anonim Şirketi ("ICBC Portföy") (previously known as Tekstil Portföy Yönetimi A.Ş.) that is established at 21 April 2015. The Company and its consolidated subsidiary is referenced as "Group".

(Convenience translation of financial statements originally issued in Turkish)

Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)**
(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

2. Basis of presentation of the financial statements

2.1 Basis of presentation

2.1.1 Accounting Standards and Accounting Policies

The accompanying financial statements have been prepared in accordance with the Turkish Accounting Standards ("TAS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") in compliance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by the CMB on 13 June 2013 which is published on Official Gazette numbered 28676. TAS consists of the Turkish Accounting Standards, Turkish Financial Reporting Standards and related supplements and interpretations.

The functional currency of the Company is Turkish Lira (TL) and the Company keeps its accounting books in accordance with the commercial regulations, financial regulations and the Uniform Chart of Accounts promulgated by the Ministry of Finance.

Consolidated financial statements were based on the legal records of the Company and expressed in Turkish Lira; and they have been subjected to certain adjustments and classifications in order to properly present the position of the Company.

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for listed companies in Turkey. The Company's financial statements have been prepared in accordance with this decision.

The preparation of the financial statements in accordance with the TFRS requires the use of certain presumptions and significant accounting estimations which may affect the explanatory notes related to assets and liabilities as well as conditional assets and liabilities. Even though these estimations are based on the best estimates of the management within the frame of current incidents and actions, the actual results may differ from the estimated ones. Complex presumptions and estimations which are may require advanced interpretations may have a significant impact on the financial statements. There has not been any change in the presumptions and significant accounting estimations used in the preparation of the financial statements for the financial period ended December 31, 2015.

Additional Paragraph for Convenience Translation to English:

In the accompanying financial statements, the accounting principles described in Note 2 (defined as Financial Reporting Standards issued by Public Oversight of Accounting and Auditing Standards Board) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting which was ceased to apply one year earlier than IFRS and the presentation of the basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.1.2 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 set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.3 Going concern

The Company prepared its financial statements according to the going concern assumption.

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Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)**
(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

2. Basis of presentation of the financial statements (continued)

2.2 Changes in accounting policies

Amendments for new TAS/IFRS applications are processed according to transition provisions for previous and future terms. Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior periods' financial statements are restated.

2.2.1 Comparative information

The accompanying financial statements are presented comparatively to determine the tendency in the financial position, performance and cash flows of the Company. If the presentation and reclassification of the financial statement items change, the prior year financial statements are reclassified accordingly to conform to the current year's presentation and the restatement is explained in the notes.

2.2.2 Amendments on standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2015 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2015. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2015 are as follows:

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendment did not have a significant impact on the consolidated financial statements of the Group.

Annual Improvements to TAS/IFRSs

In September 2014, POA issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle."

Annual Improvements - 2010–2012 Cycle

IFRS 2 Share-based Payment:

Definitions relating to performance and service conditions which are vesting conditions are clarified. The amendment is effective prospectively.

IFRS 3 Business Combinations

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through

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Tekstil Yatırım Menkul Değerler A.Ş. and its Subsidiary

**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)**
(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

2. Basis of presentation of the financial statements (continued)

profit or loss whether or not they fall within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) An entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows: i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. . In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment is effective retrospectively.

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 in determining whether the transaction is the purchase of an asset or business combination. The amendment is effective prospectively.

The amendments did not have a significant impact on the consolidated financial statements of the Group.

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Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)**
(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will

2. Basis of presentation of the financial statements (continued)

make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012 and February 2015, the new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Company / the Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after January 1, 2016.

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Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)**
(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

2. Basis of presentation of the financial statements (continued)

Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)

In April 2015, Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

- At cost
 - In accordance with IFRS 9,
- Or
- Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after January 1, 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In February 2015, amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after January 1, 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TAS 1: Disclosure Initiative (Amendments to TAS 1)

In February 2015, amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Group.

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**Notes to the Consolidated Financial Statements
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2. Basis of presentation of the financial statements (continued)

Annual Improvements to TFRSs - 2012-2014 Cycle

In February 2015, POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting –clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

Annual Improvements – 2011–2013 Cycle

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property,

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2. Basis of presentation of the financial statements (continued)

plant and equipment or intangibles). IFRS 15 original effective date was January 1, 2017. However, in September 2015, IASB decided to defer the effective date to reporting periods beginning on or after January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 16 Leases

In January 2016, the IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

In January 2016, the IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Group applies this relief, it shall disclose that fact. The amendment are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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2. Basis of presentation of the financial statements (continued)

IAS 7 'Statement of Cash Flows (Amendments)

In January 2016, the IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Company/Group first applies those amendments, it is not required to provide comparative information for preceding periods. The amendment are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

2.3 Change in accounting estimations and errors

Significant changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods.

2.4 Summary of significant accounting policies

The significant accounting policies followed in the preparation of these financial statements are summarized below:

(a) Fee, Commission and Interest Income/Expense

(i) Fee and commission income and expenses

Fees and commissions are recorded as income or expense at the time the transactions to which they relate are made. Furthermore fund management, investment consulting fees, intermediary commissions and portfolio management commissions are recognized on an accrual basis.

(ii) Interest income and expense

Interest income and expenses are recognized in the income statement in the period to which they relate on an accrual basis. Interest income includes coupons earned on fixed income investment securities and amortization of discounts on government bonds.

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2. Basis of presentation of the financial statements (continued)

(b) Property and equipment

All property and equipment are carried at cost less depreciation (Note 7).

Depreciation is calculated on the restated amounts of property and equipment using the straight-line method to write-off the restated cost of each asset to its residual value over its estimated useful life as follows:

| | |
|------------------------|---------|
| Furniture and fixtures | 5 years |
| Motor vehicles | 5 years |
| Leasehold improvements | 5 years |

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset. Capital expenditures include the cost components that increase the useful life, or the capacity of the asset, increase the quality of the product or decrease the costs.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Company estimate the recoverable amount of that asset and book value of the asset is increased to reestimated recoverable amount and impairment provision is reversed through income statement. Increased book value of the asset due to reversal of impairment loss, cannot exceed the book value that may be realized if impairment loss is not recognized for the asset in prior periods.

Gains and losses on the disposal of premises and equipment are determined in reference to their carrying amounts and are taken into account in determining operating profit and they are reflected to related income and expense accounts in the current period.

(c) Intangible assets

Intangible assets comprise acquired intellectual property and computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period not exceeding five years from the date of acquisition (Note 8).

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.

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2. Basis of presentation of the financial statements (continued)

(d) Financial instruments

(i) Trading securities

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or a dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit making exists.

Trading securities are initially recognized at cost and are subsequently re-measured at fair value based on quoted bid prices. After, trading securities are valued at current market value.

In assessing the fair value of the trading securities, the best bid price as of the balance sheet date is used.

All regular way purchases and sales of trading securities are recognized at the settlement date, which is the date that the asset is delivered to/from the Company.

Profit and loss due to the changes in fair value of trading securities is included into "Financial income and expenses" in the income statement. Interest and other income from trading securities is also included into "Financial income and expenses" in the income statement.

Trading securities are recorded and derecognized at the transaction date.

(ii) Investment securities

Investment securities are classified into the following two categories: held-to-maturity and available-for-sale assets.

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Available-for-sale securities are initially recognized at cost. Available-for-sale investment debt and equity securities are subsequently remeasured at fair value based on quoted bid prices, or amounts derived from cash flow models. Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognized in the shareholders' equity, unless there is a permanent decline in the fair values of such assets, in which case they are charged to the income statement. When the securities are disposed of or impaired, the related accumulated fair value adjustments are transferred to the income statement.

Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are carried at amortized cost using the effective yield method, less any provision for impairment.

Interest earned while holding investment securities is reported as interest income. The dividends receivable is included separately in dividend income.

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2. Basis of presentation of the financial statements (continued)

Investment securities that are recognized at the settlement date, which is the date.

Available for sale financial instruments whose fair values cannot be determined reliably and that are not operating in organized markets are carried in financial statements with their historic costs deducting impairment loss, if any.

(iii) Originated loans and provisions for loan impairment

Loans originated by the Company by providing money directly to the borrower or to a sub-participation agent at draw down are categorized as loans originated by the Company and are carried at amortized cost. All originated loans are recognized when cash is advanced to borrowers.

The Company grants margin trading loans to its customers for equity share transactions.

A credit risk provision for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception.

(e) Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions. The foreign currency denominated monetary assets and liabilities are translated with the buy exchange rates declared by the Central Bank of the Republic of Turkey. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

As at December 31, 2015 and December 31, 2014, foreign currency rates are as follows which the Company used while foreign currency transactions' converting to TL:

| | USD | EUR | GBP |
|-------------------|--------|--------|--------|
| December 31, 2015 | 2.9076 | 3.1776 | 4.3007 |
| December 31, 2014 | 2.3189 | 2.8207 | 3.5961 |

(f) Subsequent events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements.

(g) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. 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 Company are not included in the financial statements and treated as "contingent assets or liabilities" (Note 9).

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**Notes to the Consolidated Financial Statements
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2. Basis of presentation of financial statements (continued)

(h) Related parties

For the purpose of these financial statements, shareholders, subsidiaries of GSD group companies with indirect capital relation, key management personnel and board members, their families and companies are considered as "related parties"(Note 19).

- a) A person or that person's immediate family are considered as related party to the Company if the following conditions have been met:

Certain party,

- (i) If it has control or joint control over the company,
- (ii) If it has significant influence over the Company
- (iii) In the case of a member of the Company or the parent Company's key management personnel

- b) If any of the following conditions are present, the company is considered as related party:

- (i) In the case of the Company and the entity are members of a same group,
- (ii) In the case of the Entity, (or other entity that is a member of a member of a group) is a subsidiary or joint venture of the other entity,
- (iii) In the event of the Company and the Entity are both joint venture of a third party,
- (iv) In the event of the Company is a joint venture of a third entity of one and the other entity is a subsidiary of such third the company,
- (v) In the event of the Company, has post-employment benefit plans related to the entity or the associated entity's employees (in the event of the company itself has such plan, the sponsoring employers are also recognized related to the Company)
- (vi) If the Company is controlled or jointly controlled by a person defined at (a)
- (vii) In the event of a person defined at article (a) subparagraph (i) have a significant influence over the Company or the respective entity (or of a parent of the entity) is member of the entity's key management

(i) Corporate and deferred taxes

Corporate tax

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognized in operating expenses.

Corporate tax is subject to offsetting when a legal right exists about netting off the current tax assets / liabilities or when they are related to the corporate tax collected by the same tax regulator.

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2. Basis of presentation of financial statements (continued)

Deferred income taxes

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

The significant temporary differences result from the impairment on property and equipment, difference between the carrying value and tax base of property and equipment, and employment termination benefits.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized (Note 19).

(j) Employment termination benefits

The Company accounts for employee termination benefits, vacation rights and other benefits to employees in accordance with "International Accounting Standard for Employee Rights" ("TAS 19") and they are classified under "provision for employment termination benefits" and "other current liabilities" accounts in the balance sheet respectively.

Under Turkish Labour Law, the Company is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Company arising from this liability regarding the actuarial projections and reflected to financial statements (Note 11).

The Company have to pay contribution to Social Security Association on behalf of the employees in the amounts determined by law. These contributions are expensed when they are accrued.

(k) Statement of cash flows

For the purposes of the cash flow statement, cash and cash equivalents include cash and due from banks with maturities shorter than three months excluding accrued interest(Note 3).

(l) Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

(m) Turkey Derivatives Exchange ("TURKDEX") Transactions

Cash guarantees given to perform transactions in the TURKDEX market are classified as trade receivables. Gains and losses arising as a result of transactions within the period are classified as other operating income. The valuation differences that are reflected to the income statements as a result of valuating the open transactions on the basis of market prices are classified under the trade receivables after offsetting them with the commissions paid and interest income due to the accretion of remaining guarantees.

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2. Basis of presentation of financial statements (continued)

2.5 Significant accounting estimates and assumptions

Preparation of 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 financial period. 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. Significant accounting evaluations, estimates and assumptions which must be specified separately are explained in the related notes.

3. Cash and cash equivalents

| | December 31, 2015 | December 31, 2014 |
|---|------------------------------|----------------------|
| Banks | 103,557,961 | 2,124,427 |
| Demand deposits | 1,282,531 | 451,273 |
| Time deposits | 102,275,430 | 1,673,154 |
| Money Markets | 19,315,744 | 11,000,000 |
| Cash and cash equivalents on statement of financial position | 122,873,705 | 13,124,427 |
| Less: Customer assets (*) | (64,562,412) | (458,062) |
| Less: Interest accruals | (6,744) | (7,059) |
| Cash and cash equivalents on statement of cash flows | 58,304,549 | 12,659,306 |

(*) Customer assets consist of the liquid assets, which are not yet invested as at December 31, 2015 and are not under own use of the Company whereas they are followed in the Company's own bank accounts. Therefore, the amount of customers assets are not considered in the preparation of the statement of cash flows.

As at December 31, 2015 and 2014, there is no restriction on cash and cash equivalents.

As at December 31, 2015, interest rates applied for time deposits in TL is 7.5% (December 31, 2014: Interest rate is 6% for TL). Average maturity for time deposits is overnight.

As at December 31, 2015 and December 31, 2014, the details of bank deposits are as follows:

| | December 31, 2015 | December 31, 2014 |
|--|--------------------------|-------------------|
| Time Deposits - (ICBC Turkey Bank) (Note 19) | 102,275,430 | 1,673,154 |
| Demand Deposits – (ICBC Turkey Bank) (Note 19) | 671,767 | 88,843 |
| Demand Deposits (other banks) | 610,764 | 362,430 |
| | 103,557,961 | 2,124,427 |

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**Notes to the Consolidated Financial Statements
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4. Trade receivables and payables

Short term trade receivables:

| | December 31, 2015 | December 31, 2014 |
|---|------------------------------|----------------------|
| Receivables from loan customers | 30,220,754 | 14,197,502 |
| Receivables from clearing houses | 5,310,971 | 2,922,648 |
| Receivables from customers | 1,044,061 | 764,630 |
| Receivables from clearing houses abroad | 293,062 | 445,748 |
| Doubtful receivables | 162,484 | 162,484 |
| Allowance for doubtful receivables | (162,484) | (162,484) |
| Portfolio management receivables from related parties (Note 19) | - | 25,510 |
| Other trade receivables | 72,213 | - |
| | 36,941,061 | 18,356,038 |

As at December 31, 2015 and December 31, 2014, the movement of the allowance for doubtful receivables is as follows:

| | December 31, 2015 | December 31, 2014 |
|------------------------------|------------------------------|----------------------|
| Beginning of the period | 162,484 | 162,484 |
| Provisions during the period | - | - |
| Collection during the period | - | - |
| Dönem sonu | 162,484 | 162,484 |

Short term trade payables:

| | December 31, 2015 | December 31, 2014 |
|---------------------------|------------------------------|----------------------|
| Payables to customers (*) | 126,569,690 | 4,491,630 |
| Other payables | 1,553,365 | 29,306 |
| | 128,123,055 | 4,520,936 |

(*) Payables to customers mainly consist of TL 56,737,677 amounted (December 31, 2014; TL 2,905,007) customer collaterals given for TURKDEX transactions, and TL 64,562,412 amounted (December 31, 2013; TL 370,479) the customer receivables from the money markets and time deposits as TL 45,253,412 and TL 19,309,000 in order.

Please refer to Note 20 "Nature and level of risks related to financial instruments" for analysis of the nature of the risk and the level of trade receivables and payables.

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5. Financial investments

a) Short-term financial investments

| | December 31, 2015 | December 31, 2014 |
|---|--------------------------|--------------------------|
| Financial assets held for trading | | |
| Financial assets at fair value through profit or loss | 7,727 | 2,021,474 |
| Available-for-sale financial assets | | |
| Available-for-sale financial assets | 1,816,134 | 784,890 |
| | 1,823,861 | 2,806,364 |

As at December 31, 2015 and December 31, 2014 , financial assets at fair value through profit or loss details are as follows :

| | December 31, 2015 | December 31, 2014 |
|---|--------------------------|--------------------------|
| | Carrying value | Carrying value |
| Financial assets held for trading | | |
| Investment funds | - | 2,016,627 |
| Equity shares – <i>Traded in stock exchange</i> | 7,727 | 4,847 |
| | 7,727 | 2,021,474 |

As at December 31, 2015, investment funds is not available.

As at December 31, 2014, investment funds consist of TL 1,751,228 amounted Tekstil Yatırım Menkul Değerler AŞ. Type A Flexible Fund, TL 211,309 amounted Tekstil Bankası A.Ş. Type A Share Fund and TL 54,090 amounted Tekstil Bankası Type B Gold Fund.

As at December 31, 2015 and December 31, 2014, available-for-sale financial assets followed under the current assets are as follows:

| | December 31, 2015 | | December 31, 2014 | |
|--|--------------------------|--------------------------------|--------------------------|--------------------------------|
| Available-for-sale financial assets | Amount | Effective interest rate | Amount | Effective interest rate |
| <i>Publicly traded</i> | | | | |
| Treasury bills | 1,816,134 | %9.83-%10.63 | 784,890 | %7.89-%9.10 |
| | 1,816,134 | | 784,890 | |

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5. Financial investments (continued)

b) Long-term financial investments

| | December 31, 2015 | December 31, 2014 |
|--|--------------------------|--------------------------|
| Available-for-sale financial assets | | |
| Equity shares - Borsa Istanbul (BIST) (*) | 159,711 | 159,711 |
| | 159,711 | 159,711 |

(*) As at December 31,2015 the BIST participation rate of the Company is %0.0377. The Company has equity shares amounted TL 159,711 with a nominal value of TL 15,971,094.

6. Other receivables and payables

As at December 31, 2015 and December 31, 2014 , other receivables and payables are as follows :

a) Prepaid expenses

| | December 31, 2015 | December 31, 2014 |
|------------------|------------------------------|------------------------------|
| Prepaid expenses | 15,409 | 447 |
| | 15,409 | 447 |

As at December 31,2015 prepaid expenses consist of SPK license, TURKDEX and TSPAKB fees.

b) Assets related to current period tax

| | December 31, 2015 | December 31, 2014 |
|-------------|------------------------------|------------------------------|
| Prepaid tax | 357,292 | 4,178 |
| | 357,292 | 4,178 |

As at December 31, 2015 and December 31,2014 prepaid taxes mainly consist of the withholding tax on behalf of the customers.

c) Other current receivables

| | December 31, 2015 | December 31, 2014 |
|--------------------|------------------------------|------------------------------|
| Due from personnel | 17,716 | 4,763 |
| | 17,716 | 4,763 |

Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)
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6. Other receivables and payables (continued)

d) Other non current receivables

As at December 31, 2015 and December 31, 2014, other non current receivables are as follows :

| | December 31, 2015 | December 31, 2014 |
|-------------------------------|------------------------------|----------------------|
| Deposits and guarantees given | 316,128 | 366,582 |
| | 316,128 | 366,582 |

As at December 31, 2015 and December 31, 2014, deposits and guarantees given consist of guarantees given to intermediate in Turkish Derivative Exchange Market.

e) Short term liabilities for employee benefits

As at December 31, 2015 and December 31, 2014, short term liabilities for employee benefits are as follows:

| | December 31, 2015 | December 31, 2014 |
|----------------------------------|------------------------------|----------------------|
| Social security premiums payable | 299,967 | 197,455 |
| | 299,967 | 197,455 |

f) Debt provisions

As at December 31, 2015 and December 31, 2014, debt provisions are as follows:

| | December 31, 2015 | December 31, 2014 |
|----------------------------|------------------------------|----------------------|
| Provision for penalties(*) | - | 70,200 |
| Provision for litigation | 40,000 | 40,000 |
| Other | - | 9,559 |
| | 40,000 | 119,759 |

g) Liabilities related with current period tax

| | December 31, 2015 | December 31, 2014 |
|--------------------------------------|------------------------------|----------------------|
| Withholding taxes, duties and levies | 140,818 | 124,574 |
| | 140,818 | 124,574 |

Withholding taxes, duties and levies mainly consist of the withholding taxes on behalf of the customers.

(Convenience translation of financial statements originally issued in Turkish)

Tekstil Yatırım Menkul Değerler A.Ş. and its Subsidiary

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7. Tangible assets

As at December 31, 2015 and December 31, 2014, the details of tangible assets are as follows:

| | Machinery, Plant and Equipments | Furniture and Fixtures | OtherTangible Assets | Total |
|--|--|-----------------------------------|---------------------------------|------------------|
| Cost | | | | |
| Opening balance, January 1, 2014 | 782,059 | 122,228 | 293,651 | 1,197,938 |
| Additions | 21,953 | 2,301 | - | 24,254 |
| Disposals | - | - | - | - |
| Ending balance, December 31, 2014 | 804,012 | 124,529 | 293,651 | 1,222,192 |
| Opening balance, January 1, 2015 | 804,012 | 124,529 | 293,651 | 1,222,192 |
| Additions | 184,018 | 4,130 | - | 188,148 |
| Disposals | - | - | - | - |
| Ending balance, December 31, 2015 | 988,030 | 128,659 | 293,651 | 1,410,340 |
| Accumulated depreciation | | | | |
| Opening balance, January 1, 2014 | 715,792 | 108,809 | 277,077 | 1,101,678 |
| Current year charge | 37,610 | 5,743 | 7,759 | 51,112 |
| Disposals | - | - | - | - |
| Ending balance, December 31, 2014 | 753,402 | 114,552 | 284,836 | 1,152,790 |
| Opening balance, January 1, 2015 | 753,402 | 114,552 | 284,836 | 1,152,790 |
| Current year charge | 125,716 | 2,914 | 2,876 | 131,506 |
| Disposals | - | - | - | - |
| Ending balance December 31, 2015 | 879,118 | 117,466 | 287,712 | 1,284,296 |
| Net carrying value | | | | |
| January 1, 2014 | 66,267 | 13,419 | 16,574 | 96,260 |
| December 31, 2014 | 50,610 | 9,977 | 8,815 | 69,402 |
| December 31, 2015 | 108,912 | 11,193 | 5,938 | 126,044 |

As at December 31, 2015 ve December 31, 2014, there is no mortgage or pledge on tangible assets.

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Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
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8. Intangible assets

As at December 31, 2015 and December 31, 2014, the details of intangible assets are as follows:

| | Computer Software |
|--|--------------------------|
| Cost | |
| Opening balance, January 1, 2014 | 295,460 |
| Additions | 39,378 |
| Ending balance, December 31, 2014 | 334,838 |
| Opening balance, January 1, 2015 | 334,838 |
| Additions | 8,197 |
| Ending balance, December 31, 2015 | 343,035 |
| Accumulated amortisation | |
| Opening balance, January 1, 2014 | 280,846 |
| Current year charge | 2,640 |
| Ending balance, December 31, 2014 | 283,486 |
| Opening balance, January 1, 2015 | 283,486 |
| Current year charge | 4,285 |
| Ending balance, December 31, 2015 | 287,771 |
| Net carrying value | |
| January 1, 2014 | 14,614 |
| December 31, 2014 | 51,352 |
| December 31, 2015 | 55,264 |

As at December 31, 2015 and 2014, there is no internally generated intangible assets.

9. Provisions, contingent assets and liabilities

As at December 31, 2015, the Company has not any contingent assets and liabilities (December 31, 2014: None).

(Convenience translation of financial statements originally issued in Turkish)

Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
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10. Commitments

As at December 31, 2015 and 2014, letters of guarantee and promissory notes given by the Company are as follows:

| | December 31, 2015 | December 31, 2014 |
|---------|------------------------------|----------------------|
| BIST | 7,514,150 | 4,750,000 |
| CMB | 295,626 | 295,626 |
| TURKDEX | 293,850 | 10,000 |
| | 8,103,626 | 5,055,626 |

As at December 31, 2015 and December 31, 2014, Collaterals/pledges/mortgages ("CPM") of the Company are as follows:

| CPM's given by the Company | December 31, 2015 | December 31, 2014 |
|--|------------------------------|----------------------|
| A. Total amount of CPM's given in the name of its own legal personality | 8,103,626 | 5,055,626 |
| B. Total amount of CPM's given on behalf of the fully consolidated companies | - | - |
| C. Total amount of CPM's given on behalf of third parties for ordinary course of business | - | - |
| D. Total amount of other CPM's given | - | - |
| i. Total amount of CPM's given on behalf of the majority shareholder | | |
| ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C. | | |
| iii. Total amount of CPM's given on behalf of third parties which are not in scope of C. | | |
| Total | 8,103,626 | 5,055,626 |

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Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)**
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11. Provisions for employee benefits

As at December 31, 2015 and December 31, 2014, the details of the short-term employee benefits are as follows:

| | December 31, 2015 | December 31, 2014 |
|-------------------------------------|------------------------------|------------------------------|
| Short-term employee benefits | | |
| Vacation pay liability | 527,157 | 506,770 |
| | 527,157 | 506,770 |

In accordance with the existing social legislation, the Company is required to make payment against the unused vacation days of the employees whose unemployment is terminated due to retirement of for reasons other than resignation or misconduct through the end of the contract day's fee. Vacation pay liability is the total undiscounted liability amount that is calculated from the unused vacation days of all employees at the reporting date.

Movements in the vacation pay liability during the periods are as follows:

| | December 31, 2015 | December 31, 2014 |
|--|------------------------------|------------------------------|
| Balance at the beginning of the period | 506,770 | 411,208 |
| Paid during the period | - | (6,110) |
| Provisions during the period | 20,387 | 101,672 |
| | 527,157 | 506,770 |

As at December 31, 2015 and December 31, 2014, the details of the long term employee benefits are as follows:

| | December 31, 2015 | December 31, 2014 |
|------------------------------------|------------------------------|------------------------------|
| Long term employee benefits | | |
| Employee severance pay liability | 484,911 | 517,667 |
| | 484,911 | 517,667 |

(Convenience translation of financial statements originally issued in Turkish)

Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)**
(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

11. Provisions for employee benefits (continued)

Movements in the employee severance pay liability during the periods are as follows:

| | December 31, 2015 | December 31, 2014 |
|---|--------------------------|--------------------------|
| Balance at the beginning of the period | 517,667 | 345,863 |
| Paid during the period | (109,726) | (43,926) |
| Service cost | 14,533 | 118,977 |
| Interest cost | 1,413 | 27,669 |
| Actuarial gain/loss(*) | 61,024 | 69,084 |
| | 484,911 | 517,667 |

(*) At the current year, actuarial loss amounted TL 61,024 arising from the changes in actuarial assumptions of the employee severance pay liability is classified under "actuarial loss" in the equity.

The provision for employment termination benefits is reserved in line with the explanations below:

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary limited to a maximum of TL 3.828,37 (December 31, 2013: TL 3.438,22) for each period of service at December 31, 2015.

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 arising from the retirement of employees.

TFRS requires actuarial valuation methods to be developed to estimate the provision for employment termination benefits. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

| | December 31, 2015 | December 31, 2014 |
|--|--------------------------|--------------------------|
| Discount rate (%) | 2.00% | 8.00% |
| The estimated salary / limit increase rate | 4.50% | 6.00% |

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12. Shareholders' equity

12.1 Share capital

As at December 31, 2015 and December 31, 2014, the capital structure of the Company is as follows:

| | December 31, 2015 | | December 31, 2014 | |
|------------------------------|------------------------------|-------------------|------------------------------|-------------------|
| | Shareholding interest (%) | Share amount | Shareholding interest (%) | Share amount |
| Tekstil Bankası A.Ş. | 99,998 | 24,999,500 | 99,998 | 24,999,500 |
| Ragıp Akın | 0,001 | 250 | 0,001 | 250 |
| Nuri Akın | 0,001 | 250 | 0,001 | 250 |
| Total paid in capital | 100 | 25,000,000 | 100 | 25,000,000 |
| Inflation adjustment | | 31,279 | | 31,279 |
| | | 25,031,279 | | 25,031,279 |

As at December 31, 2015, the Company's capital consists of 2,500,000,000 shares of each having a nominal value of TL 0,01 (December 31, 2013: 1,000,000,000 shares of each having a nominal value of TL 0,01).

As at December 31, 2015, there is no preferred share (December 31, 2014: None).

With the decree of the Board of Directors dated May 27, 2014 and numbered 407, the paid-in capital of the Company was raised by TL 15,000,000 in total and increased to TL 25,000,000; TL 8,000,000 TL of which was increased through cash injection and TL 7,000,000 of which was provided from extraordinary reserves and the capital increase transaction was registered at Trade Registry Gazette dated July 27, 2014 and numbered 8603.

Inflation adjustment difference

The company adjusted to reflect the effects of inflation partners, in accordance with the total capital increases made by the Communiqué XI-29 was continued until 31 December 2004 and 31,279 per capital consists of the restatement differences (31 December 2014: 31.279 TL).

12.2 Revaluation reserves

Financial assets revaluation fund

The financial assets held by the Company are classified as "available-for-sale financial assets". As at December 31, 2015, the total difference, net of tax effect, amounting to TL 816 of decrease between the fair value and acquisition cost for the equity securities and the fair value and amortised cost using internal rate of return method for the debt securities held in available-for-sale portfolio has been accounted in the fair value reserve as a separate item within equity (December 31, 2014: (TL 393)).

12.3 Restricted reserves

Per the resolution of General Assembly held on March 31, 2015, the Company decided to transfer TL 79,010 to the primary legal reserves.

As at December 31, 2015, restricted reserves are amounting to TL 861,060 (December 31, 2014: TL 782,050).

12.4 Retained earnings

As at December 31, 2015, retained earnings of the Company are TL 3,169,255 (December 31, 2014: TL 1,702,090).

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13. Profit and loss

a) Sales and cost of sales

Sales revenues and cost of sales which belongs to the period ended December 31, 2015 and 2014 are as follows:

| | December 31, 2015 | December 31, 2014 |
|--------------------------------------|----------------------|----------------------|
| Sales | | |
| Treasury bill /government bond sales | 110,218,375 | 99,591,395 |
| Equity security sales | 121,115,416 | 3,679,559 |
| Investment funds sales | 2,526,857 | 5,922,390 |
| Private bonds | 2,110,944 | - |
| | 235,971,592 | 109,193,344 |
| Cost of sales | | |
| Treasury bill /government bond sales | (110,220,578) | (99,571,144) |
| Equity security sales | (120,829,716) | (3,697,028) |
| Investment funds sales | (2,596,739) | (5,961,652) |
| Private bonds | (2,110,948) | - |
| | (235,757,981) | (109,229,824) |

b) Service income

Other income from the main operations which belongs to the period ended December 31, 2015 and 2014 are as follows:

| | December 31, 2015 | December 31, 2014 |
|---|-------------------|-------------------|
| Service income | | |
| Commissions income on trading of equity securities | 6,993,093 | 5,531,329 |
| Intermediary commissions on futures market | 1,064,085 | 885,422 |
| Investment fund management commission income | 455,282 | 269,403 |
| Money market commissions | 401,768 | 217,000 |
| Intermediary commissions from capital increase transactions | 176,983 | 142,365 |
| Account management commissions | 21,204 | 14,338 |
| Commission income on trading of treasury bills and bonds | 14,904 | 287,893 |
| Public offering intermediary income | - | 8,354 |
| Other | 611,314 | 242,160 |
| | 9,738,633 | 7,598,264 |

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**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)**
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13. Profit and loss (continued)

c) Interest income from operating activities

For the years ended December 31, 2015 and 2014, interest income from operating activities are as follows:

| | December 31, 2015 | December 31, 2014 |
|---|-------------------|-------------------|
| Interest income received from customers | 7,729,274 | 2,482,490 |
| Interest income received from banks | 1,330,527 | 534,996 |
| Total | 9,059,801 | 3,017,486 |

14. Administrative expense

For the years ended December 31, 2015 and 2014, administrative expense is as follows:

| | December 31, 2015 | December 31, 2014 |
|---|-------------------|-------------------|
| Personnel expenses | 7,844,508 | 5,745,389 |
| Membership fees | 2,062,756 | 1,052,191 |
| Communication expenses | 1,296,142 | 821,990 |
| Rent expenses | 855,323 | 401,419 |
| Taxes, duties and levies | 689,223 | 368,732 |
| Advisory and legal consultancy expenses | 540,428 | 150,125 |
| Data screen expenses | 380,409 | 317,283 |
| Building contribution expenses | 218,803 | 131,712 |
| Depreciation and amortisation expenses | 135,791 | 53,752 |
| Penalty provision expenses | 34,468 | 70,200 |
| Other expenses | 51,682 | 476,491 |
| Total | 14,109,553 | 9,589,284 |

| | December 31, 2015 | December 31, 2014 |
|--|-------------------|-------------------|
| Sales and wages | 6,004,945 | 4,204,276 |
| Other social security contribution expenses | 1,531,689 | 1,342,831 |
| Increase in vacation pay liability | 198,148 | 102,720 |
| Increase in employee severance pay liability | 109,726 | 95,562 |
| Total | 7,844,508 | 5,745,389 |

Depreciation and amortisation expenses

For the years ended December 31, 2015 and 2014, depreciation and amortisation expenses are as follows:

| | December 31, 2015 | December 31, 2014 |
|-----------------------|-------------------|-------------------|
| Depreciation expenses | 131,506 | 51,112 |
| Amortisation expenses | 4,285 | 2,640 |
| Total | 135,791 | 53,752 |

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15. Other income and expense from operating activities

For the years ended December 31, 2015 and 2014, other income and from operating activities are as follows:

| Other income from operating activities | December 31, 2015 | December 31, 2014 |
|---|--------------------------|--------------------------|
| Account maintenance fee | 225,398 | 8,833 |
| Other | - | 98 |
| Total | 225,398 | 8,931 |

| Other expense from operating activities | December 31, 2015 | December 31, 2014 |
|--|--------------------------|--------------------------|
| Transaction loss expense | 16,468 | 5,349 |
| Other expense from operating activities | - | 3,137 |
| Total | 16,468 | 8,486 |

16. Finance income

For the years ended December 31, 2015 and 2014, finance income is as follows:

| | December 31, 2015 | December 31, 2014 |
|--|--------------------------|--------------------------|
| Interest income on marketable securities | 296,004 | 325,377 |
| Interest income on Money market | 80,482 | 762,478 |
| Foreign exchange gain | 47,708 | 32,508 |
| Dividend income | 6,209 | 171 |
| Other | 81,941 | 119,835 |
| Total | 512,344 | 1,240,369 |

17. Finance costs

For the years ended December 31, 2015 and 2014, finance costs is as follows:

| | December 31, 2015 | December 31, 2014 |
|--|------------------------------|------------------------------|
| Loan interest expense | 356,965 | - |
| Money market commission expnese | 134,701 | 134,871 |
| Letter of guarantee commission expense | 62,800 | 79,801 |
| Financial assets commission expense | 1,845 | 21,902 |
| Other | 116,844 | 11,365 |
| Total | 673,155 | 247,939 |

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18. Tax assets and liabilities

a) General

The Corporate Tax Law numbered 5520 became effective after being published in the Official Gazette dated June 21, 2006 and numbered 26205, with most provisions effective as of January 1, 2006. According to this Law, the corporate tax rate of the fiscal year 2015 is 20% (2014: 20%). Corporate tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (e.g. research and development expenditures deductions). No further tax is payable unless the profit is distributed.

Tax authorities can audit the accounting records for five years and if they found inaccurate records, the amount of taxes to be paid could change.

Components of income tax expense for the periods ended December 31, 2015 and December 31, 2014 are as follows:

| | December 31, 2015 | December 31, 2014 |
|---|----------------------|----------------------|
| Current tax (expense) / income | (1,036,873) | (442,271) |
| Deferred tax (expense) / income | (22,528) | 5,585 |
| | (1,059,401) | (436,686) |
| | December 31, 2015 | December 31, 2014 |
| Profit/Loss before tax | 4,950,631 | 1,982,861 |
| Corporate tax computed with domestic tax rate | (990,126) | (396,572) |
| Undeductible expenses | (73,930) | (77,259) |
| Tax exempt income | 4,655 | 37,145 |
| Tax expense | (1,059,401) | (436,686) |

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18. Deferred tax assets and liabilities (continued)

b) Current tax liabilities

As at December 31, 2015 and December 31, 2014, the Company's current tax liabilities on current period profit are as follows:

| | December 31, 2015 | December 31, 2014 |
|-------------------------|----------------------|----------------------|
| Corporate tax provision | 1,036,873 | 442,271 |
| Prepaid taxes and funds | (628,480) | (293,935) |
| | 408,393 | 148,336 |

c) Deferred tax assets and liabilities

Deferred tax is determined by calculating the tax effect for the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Such deferred tax assets and liabilities are recognised in the accompanying financial statements using the tax rate effective at the reporting date.

Deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in equity.

As at December 31, 2015 and December 31, 2014, deferred tax assets and liabilities are attributable to the items as follows:

| | December 31, 2015 | | December 31, 2014 | |
|--|--------------------------|--|--------------------------|--|
| | Temporary differences | Deferred tax asset / (liability) | Temporary differences | Deferred tax asset / (liability) |
| Employee benefits | 1,012,068 | 202,414 | 1,024,437 | 204,887 |
| Investment securities | - | - | - | - |
| Other | 595 | 119 | 2,800 | 560 |
| Deferred tax assets | 1,012,663 | 202,533 | 1,027,237 | 205,447 |
| Property, plant and equipment and intangible assets | (47,886) | (9,577) | (23,720) | (4,744) |
| Investment securities | (26,472) | (5,294) | (12,691) | (2,538) |
| Deferred tax liabilities | (74,358) | (14,871) | (36,411) | (7,282) |
| Net deferred tax assets | | 187,662 | | 198,165 |

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19. Related party disclosures

In these financial statements, the shareholders of the Company and ICBC Group companies and all its subsidiaries having indirect shareholding relation with the Company are referred to as related parties.

| | December 31, 2015 | December 31, 2014 |
|---|----------------------|----------------------|
| Receivables from related parties | | |
| Cash and cash equivalents | | |
| - ICBC Turkey Bank A.Ş. | 102,947,197 | 1,761,997 |
| | 102,947,197 | 1,761,997 |
| Trade receivables | | |
| - Receivables from investment funds of ICBC Turkey Bank A.Ş. | - | 25,510 |
| | - | 25,510 |
| Financial investments | | |
| - ICBC Turkey Bank A.Ş. Type A share fund – Other related party | - | 198,612 |
| - ICBC Turkey Bank A.Ş. Type B flexible fund – Other related party | - | - |
| - Tekstil Yatırım Menkul Değ. AŞ Type A flexible fund – Other related party | - | 1,749,147 |
| - ICBC Turkey Bank A.Ş. Type B Gold Fund – Other related party | - | 55,520 |
| | - | 2,003,279 |

| | December 31, 2015 | December 31, 2014 |
|---|----------------------|----------------------|
| Finance income | | |
| Investment fund management commission income | | |
| -Fund Management fees of the investment funds of ICBC Turkey Bank AŞ (type A and type B flexible fund, type A share fund and type B liquid fund) | 245,336 | 287,893 |
| Interest income | | |
| - ICBC Turkey Bank AŞ | 3,606,895 | 110,384 |
| Finance expense | | |
| - Commissions from collateral obtained from ICBC Turkey Bank AŞ | 567 | 69,348 |
| - Commissions from collateral obtained from ICBC Turkey Bank AŞ | - | - |
| Administrative expenses | | |
| Rent expense | | |
| - ICBC Turkey Bank AŞ | 457,517 | 348,479 |
| Building contribution expenses | | |
| - ICBC Turkey Bank AŞ | 218,803 | 131,712 |

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20. Nature and level of risks related to financial instruments

Capital management

The Company's objectives during managing capital is to maintain an optimal capital structure in order to maintain Company's operations that yields gain to its partners and benefits for other shareholders.

The Company follows its capital adequacy in accordance with the Communiqué Serial: V, No: 34 of the minimum core capital requirement of capital adequacy bases.

The Company's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Communiqué Serial: V, No: 34 of the minimum core capital requirement of capital adequacy bases floor tool of institutions according to Article 7, is required TL 2.000.000 for summary authorized intermediaries, TL 10.000.000 for partial authorized intermediaries and TL 25.000.000 for broad authorized intermediaries. As of December 31, 2015 and December 31, 2014 the Company is in compliance with the relevant requirements of capital adequacy.

i. Credit risk disclosures

Financial instruments contain an element of risk that the counterparties may be unable to meet the terms of the agreements. This risk is monitored in reference to credit ratings and managed by limiting the aggregate risk to any individual counterparty. Exposure to credit risk is also managed by obtaining collaterals in the form of listed equity securities.

| | Receivables | | | | Deposits at banks(*) | Investment securities |
|---|-------------------|---------------|-------------------|---------------|----------------------|-----------------------|
| | Trade receivables | | Other receivables | | | |
| | Related parties | Other parties | Related parties | Other parties | | |
| December 31, 2015 | | | | | | |
| Exposure to maximum credit risk as at reporting date | - | 36,941,061 | - | 316,128 | 122,873,705 | 1,816,134 |
| Guaranteed part of maximum credit risk with collaterals etc | - | - | - | - | - | - |
| Net book value of financial assets that are non overdue and impaired. | - | 36,941,061 | - | 316,128 | 122,873,705 | 1,816,134 |
| Off statement of financial position items with credit risk | - | - | - | - | - | - |

| | Receivables | | | | Deposits at banks(*) | Investment securities |
|---|-------------------|---------------|-------------------|---------------|----------------------|-----------------------|
| | Trade receivables | | Other receivables | | | |
| | Related parties | Other parties | Related parties | Other parties | | |
| December 31, 2014 | | | | | | |
| Exposure to maximum credit risk as at reporting date | 25,510 | 18,330,528 | - | 366,582 | 13,124,427 | 784,890 |
| Guaranteed part of maximum credit risk with collaterals etc | - | - | - | - | - | - |
| Net book value of financial assets that are non overdue and impaired. | 25,510 | 18,330,528 | - | 366,582 | 13,124,427 | 784,890 |
| Off statement of financial position items with credit risk | - | - | - | - | - | - |

(*) Deposits of bank amount contains receivables from Money Market.

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Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)
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20. Nature and level of risks related to financial instruments (continued)

ii. Liquidity risk

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. A decrease in funding sources mainly due to market instability or a decrease in credit risk results in liquidity risk. The Company manages the liquidity risk by maintaining sufficient cash and other liquid assets in order to fund the current and prospective debt requirements.

The following table presents the cash flows payable by the Company under non-derivative financial liabilities remaining contractual maturities as of December 31, 2015 and 2014:

December 31, 2015

| Expected maturity | Carrying value | 3 months or less | 3-12 months | Contractual cash outflows |
|--------------------------------------|--------------------|--------------------|-------------|---------------------------|
| Non derivative financial liabilities | 128,123,055 | 128,123,055 | - | 128,123,055 |
| Trade payables | 128,123,055 | 128,123,055 | - | 128,123,055 |
| Total Financial Liabilities | 128,123,055 | 128,123,055 | - | 128,123,055 |

December 31, 2014

| Expected maturity | Carrying value | 3 months or less | 3-12 months | Contractual cash outflows |
|--------------------------------------|------------------|------------------|-------------|---------------------------|
| Non derivative financial liabilities | 4,520,936 | 4,520,936 | - | 4,520,936 |
| Trade payables | 4,520,936 | 4,520,936 | - | 4,520,936 |
| Total Financial Liabilities | 4,520,936 | 4,520,936 | - | 4,520,936 |

As at December 31, 2015 and December 31, 2014, the Company does not have any derivative financial liabilities.

Assets and liabilities are grouped based on their maturity dates as follows:

| | December 31, 2015 | | | | | |
|------------------------------|--------------------|------------------|-------------|-----------|------------------|--------------------|
| | Up to 1 month | Up to 3 months | 3-12 months | 1-5 years | Non-interest | Total |
| Cash and cash equivalents | 121,591,174 | - | - | - | 1,282,531 | 122,873,705 |
| Financial investments | - | 1,816,134 | - | - | 7,727 | 1,823,861 |
| Trade receivables | 36,941,061 | - | - | - | - | 36,941,061 |
| Other short-term receivables | 390,539 | - | - | - | - | 390,539 |
| Financial investments | - | - | - | - | 159,711 | 159,711 |
| Other short-term receivables | - | - | - | - | 503,668 | 503,668 |
| Total Assets(*) | 158,922,774 | 1,816,134 | - | - | 1,953,637 | 162,692,545 |
| Trade payables (net) | 128,123,055 | - | - | - | - | 128,123,055 |
| Other liabilities | 849,178 | - | - | - | - | 849,178 |
| Total Liabilities(**) | 128,972,233 | - | - | - | - | 128,972,233 |
| Liquidity risk | 29,950,541 | 1,816,134 | - | - | 1,953,637 | 33,720,312 |

(*)Tangible and Intangible assets amounted to TL 126,044 and TL 55,264 are not presented above table.

(**)Short-term and Long-term provisions amounted to TL 567,157 and TL 484,911 are not stated above table.

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20. Nature and level of risks related to financial instruments (continued)

| | December 31, 2014 | | | | | |
|------------------------------|-------------------|-------------------|-----------------|---------------|-------------------|-------------------|
| | Up to 1 month | Up to 3 months | 3 -12 months | 1 -5 years | Non- interest | Total |
| Cash and cash equivalents | 12,673,154 | - | - | - | 451,273 | 13,124,427 |
| Financial investments | - | 784,890 | - | - | 2,021,474 | 2,806,364 |
| Trade receivables | 18,356,038 | - | - | - | - | 18,356,038 |
| Other short-term receivables | 9,388 | - | - | - | - | 9,388 |
| Financial investments | - | - | - | - | 159,711 | 159,711 |
| Other short-term receivables | - | - | - | - | 564,747 | 564,747 |
| Total Assets | 31,038,580 | 784,890 | - | - | 3,197,205 | 35,020,675 |
| Trade payables (net) | 4,520,936 | - | - | - | - | 4,520,936 |
| Other liabilities | 470,365 | - | - | - | - | 470,365 |
| Total Liabilities | 4,991,301 | - | - | - | - | 4,991,301 |
| Liquidity risk | 14,669,741 | 784,890 | - | - | 14,574,743 | 30,029,374 |

As at December 31, 2015 and December 31, 2014, the liquidity requirement of the Company in accordance with Communiqué 34 is as follows:

| | Audited December 31, 2015 | Audited December 31, 2014 |
|--|---------------------------------|---------------------------------|
| Current assets (A) | 162,029,044 | 34,296,217 |
| Short term liabilities (B) | 129,539,390 | 5,617,830 |
| Current assets / Short term liabilities (A/B) | 1,25 | 6,10 |

iii. Foreign currency risk

The Company is exposed to foreign currency risk due to the changes in foreign exchange rates between the transaction date and the reporting date while having assets, liabilities or off balance sheet items denominated in foreign currencies.

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for the year ended December 31, 2015 (continued)**
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20. Nature and level of risks related to financial instruments (continued)

As at December 31, 2015 and December 31, 2014, the table below summarises the foreign currency position of the Company by presenting the carrying amounts of the assets and liabilities denominated in foreign currency in TL as follows:

| | December 31, 2015 | | | |
|------------------------------------|--------------------------|----------------|-------------------|------------|
| | TL equivalent | USD | Euro | GBP |
| Cash and cash equivalents | 56,354,253 | 307,019 | 17,453,916 | - |
| Trade receivables | - | - | - | - |
| Total assets | 56,354,253 | 307,019 | 17,453,916 | - |
| Trade payables | 55,199,530 | 89,403 | 17,289,647 | - |
| Total liabilities | 55,199,530 | 89,403 | 17,289,647 | - |
| Net foreign currency assets | 1,154,723 | 217,616 | 164,269 | - |

| | December 31, 2014 | | | |
|------------------------------------|--------------------------|----------------|--------------|------------|
| | TL equivalent | USD | Euro | GBP |
| Cash and cash equivalents | 449,815 | 192,696 | 1,053 | - |
| Trade receivables | - | - | - | - |
| Total assets | 449,815 | 192,696 | 1,053 | - |
| Trade payables | 87,536 | 36,467 | 1,053 | - |
| Total liabilities | 87,536 | 36,467 | 1,053 | - |
| Net foreign currency assets | 362,279 | 156,229 | - | - |

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Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)
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20. Nature and level of risks related to financial instruments (continued)

Exposure to foreign currency risk

A strengthening/weakening of the TL against the other currencies by 10% below would have increased/(decreased) the profit/loss (excluding the tax effect) as at December 31, 2015 and December 31, 2014:

| December 31, 2015 | Profit / (Loss) | | Equity ^(*) | |
|--|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| | Strengthening of foreign currency | Weakening of foreign currency | Strengthening of foreign currency | Weakening of foreign currency |
| Increase/(decrease) 10% of USD parity | | | | |
| 1- USD net asset / liability | 63,274 | (63,274) | 63,274 | (63,274) |
| 2- Hedged portion of USD amounts (-) | | | | |
| 3- Net effect of USD (1+2) | 63,274 | (63,274) | 63,274 | (63,274) |
| Increase/(decrease) 10% of EUR parity | | | | |
| 4- EUR net asset / liability | 52,198 | (52,198) | 52,198 | (52,198) |
| 5- Hedged portion of EUR amounts (-) | | | | |
| 6- Net effect of EUR (4+5) | 52,198 | (52,198) | 52,198 | (52,198) |
| Increase/(decrease) 10% of GBP parity | | | | |
| 7- GBP net asset / liability | - | - | - | - |
| 8- Hedged portion of GBP amounts (-) | | | | |
| 9- Net effect of GBP (7+8) | - | - | - | - |
| TOTAL (3+6+9) | 115,472 | (115,472) | 115,472 | (115,472) |
| | | | | |
| December 31, 2014 | Profit / (Loss) | | Equity ^(*) | |
| | Strengthening of foreign currency | Weakening of foreign currency | Strengthening of foreign currency | Weakening of foreign currency |
| Increase/(decrease) 10% of USD parity | | | | |
| 1- USD net asset / liability | 36,228 | 36,228 | 36,228 | 36,228 |
| 2- Hedged portion of USD amounts (-) | - | - | - | - |
| 3- Net effect of USD (1+2) | 36,228 | (36,228) | 36,228 | (36,228) |
| Increase/(decrease) 10% of EUR parity | | | | |
| 4- EUR net asset / liability | - | - | - | - |
| 5- Hedged portion of EUR amounts (-) | - | - | - | - |
| 6- Net effect of EUR (4+5) | - | - | - | - |
| Increase/(decrease) 10% of GBP parity | | | | |
| 7- GBP net asset / liability | - | - | - | - |
| 8- Hedged portion of GBP amounts (-) | - | - | - | - |
| 9- Net effect of GBP (7+8) | - | - | - | - |
| TOTAL (3+6+9) | 36,228 | (36,228) | 36,228 | (36,228) |

(*) Includes the profit / (loss) effect.

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Tekstil Yatırım Menkul Değerler A.Ş. and Its Subsidiary

**Notes to the Consolidated Financial Statements
for the year ended December 31, 2015 (continued)
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20. Nature and level of risks related to financial instruments (continued)

iv. Interest rate risk

The company has no liability exposed to interest rate risk. The company invests its cash assets in the marketable securities or bank deposits considering the daily market conditions.

| | December 31, 2015 | December 31, 2014 |
|---|-------------------|-------------------|
| Financial instruments with fixed interest rates: | | |
| Cash and cash equivalents (*) | 100,645,330 | 12,302,675 |
| Financial assets available for sale | 1,816,134 | 784,890 |
| Financial liabilities | - | - |
| Trade receivables | | |
| Receivables from loan customers | 30,220,754 | 14,197,502 |

(*) As at December 31, 2015 customer's time deposits classified in the Company's own bank deposit accounts amounting to TL 19,309,000 are not included (December 31, 2014: TL 370,479)

Interest rate sensibility analysis is not presented since the Company does not have any variable rate financial assets or liabilities.

v. Equity price risk

| December 31, 2015 | Profit / (Loss) | | Equity (*) | |
|--|-----------------|--------------|--------------|--------------|
| | 10% increase | 10% decrease | 10% increase | 10% decrease |
| Financial assets at fair value through profit or loss | | | | |
| - Equity shares | 773 | (773) | 773 | (773) |
| Total | 773 | (773) | 773 | (773) |

| December 31, 2014 | Profit / (Loss) | | Equity (*) | |
|--|-----------------|--------------|--------------|--------------|
| | 10% increase | 10% decrease | 10% increase | 10% decrease |
| Financial assets at fair value through profit or loss | | | | |
| - Equity shares | 485 | (485) | 485 | (485) |
| Total | 485 | (485) | 485 | (485) |

(*) Includes the profit / (loss) effect.

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**Notes to the Consolidated Financial Statements
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20. Nature and level of risks related to financial instruments (continued)

Capital management

The Company's objective while managing the capital is to ensure the continuation of its activities with the purpose of maintaining the most appropriate capital structure in order to provide income to its stockholders and benefits to other shareholders.

The Company describes and manages its capital in accordance with CMB Communiqué Serial V No. 34 of regarding Capital and Capital Adequacy of the Brokerage Houses ("Communiqué Serial V No. 34).

The Company's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

vi. Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

Market prices was based on determining the fair value of the securities.

Financial assets:

The fair values of financial assets carried at cost, including cash and cash equivalents and other financial assets are booked with their discounted values and are considered to approximate their respective carrying values due to their short-term nature and their insignificant potential damages.

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**Notes to the Consolidated Financial Statements
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(Amounts are expressed in full Turkish Lira (TL) unless otherwise stated.)

20. Nature and level of risks related to financial instruments (continued)

Financial liabilities:

The fair value of monetary liabilities is considered to approximate their respective carrying values.

The fair values and carrying values of financial asset and liabilities of the Company are as follows:

| | December 31, 2015 | | December 31, 2014 | |
|-------------------------------------|-------------------|-------------|-------------------|------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Cash and cash equivalents | 122,873,705 | 122,873,705 | 13,124,427 | 13,124,427 |
| Investment securities | 1,823,861 | 1,823,861 | 2,806,364 | 2,806,364 |
| Trade receivables | 36,941,061 | 36,941,061 | 18,356,038 | 18,356,038 |
| Other current assets ^(*) | 17,716 | 17,716 | 4,763 | 4,763 |
| Trade payables | 128,123,055 | 128,123,055 | 4,520,936 | 4,520,936 |
| Long-term investment securities | 159,711 | 159,711 | 159,711 | 159,711 |

(*) Consists of due from personnel.

Fair value of financial assets and liabilities are determined as follows :

Level 1: Registered (unadjusted) prices of identical assets or liabilities in active markets.

Level 2: Data which can be observed by directly (through prices) or indirectly (derived from prices) and which excludes the registered prices described in Level 1.

Level 3: Data that is not based on observable market data related to assets and liabilities (non-observable data).

The fair value classification of assets and liabilities which are measured at their fair values are as follows:

| Financial assets | December 31, 2015 | Fair value level as of reporting date | | |
|---|-------------------|---------------------------------------|----------|----------|
| | | Level 1 | Level 2 | Level 3 |
| Financial assets at fair value through profit or loss | 7,727 | 7,727 | - | - |
| Available-for-sale financial assets (current) | 1,816,134 | 1,816,134 | - | - |
| Total | 1,823,861 | 1,823,861 | - | - |

| Financial assets | December 31, 2014 | Fair value level as of reporting date | | |
|---|-------------------|---------------------------------------|----------|----------|
| | | Level 1 | Level 2 | Level 3 |
| Financial assets at fair value through profit or loss | 2,021,474 | 2,021,474 | - | - |
| Available-for-sale financial assets (current) | 784,890 | 784,890 | - | - |
| Total | 2,806,364 | 2,806,364 | - | - |

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21. Subsequent events

None.