TACİRLER YATIRIM MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2015
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT
ORIGINALLY ISSUED IN TURKISH

CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tacirler Yatırım Menkul Değerler A.Ş.;

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Tacirler Yatırım Menkul Değerler A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position balance sheet as at 31 December 2015 and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

   An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

   We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
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Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tacirler Yatırım Menkul Değerler A.Ş. and its Subsidiaries as at 31 December 2015 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 402 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2015 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

6. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Talar Gül, SMMM
Partner

Istanbul, 7 March 2016

TACİRLER YATIRIM MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015 (ORIGINALLY ISSUED IN TURKISH)

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(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

ASSETS	Notes	Audited Current Period 31 December 2015	Audited Prior Period 31 December 2014
Current assets:			
Cash and cash equivalents	3	70,139,100	68,585,602
Financial investments	4	39,310,453	10,967,263
Trade receivables		51,354,619	63,053,306
- Trade receivables due from related parties	*22*	*219,523*	*159,945*
- Trade receivables due from other parties	*6*	*51,135,096*	*62,893,361*
Other receivables		7,085,605	5,694,832
- Other receivables due from related parties	*7*	*7,157*	*11,371*
- Other receivables due from other parties	*7*	*7,078,448*	*5,683,461*
Prepaid expenses	12	714,083	166,376
Current tax assets	13, 20	330,399	-
Other current assets		86,848	23,704
Total current assets		**169,021,107**	**148,491,083**
Non-current assets:			
Financial investments	4	28,332,600	27,245,100
Other receivables		897,203	680,332
- Other receivables due from other parties		*897,203*	*680,332*
Property, plant and equipment	8	21,658,566	14,000,725
Intangible assets	9	1,652,426	496,832
Prepaid expenses	12	133,594	882,520
Total non-current assets		**52,674,389**	**43,305,509**
Total assets		**221,695,496**	**191,796,592**

The accompanying explanations and notes form an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AT 31 DECEMBER 2015 (ORIGINALLY ISSUED IN TURKISH)

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited Current Period 31 December 2015	Audited Prior Period 31 December 2014
LIABILITIES			
Current liabilities:			
Financial liabilities	5	8,970,166	32,756,183
Trade payables		50,233,209	24,947,557
- Trade payables due to related parties	*5, 22*	*3,551,157*	*28,422*
- Trade payables due to other parties	*6*	*46,682,052*	*24,919,135*
Other payables		1,373,959	712,553
- Other payables due to other parties	*7*	*1,373,959*	*712,553*
Current income tax liabilities	20	-	460,092
Unearned revenue	14	3,187,144	-
Employee termination benefits liabilities		63,930	22,570
Provisions		1,379,939	1,666,626
- Short term provisions for employee benefits	*11*	*672,050*	*235,951*
- Other short term provisions	*11*	*707,889*	*1,430,675*
Other short term liabilities		66,787	40,636
Total current liabilities		**65,275,134**	**60,606,217**
Non-current liabilities:			
Financial liabilities	5	11,992,550	3,846,358
Unearned revenue	14	10,623,813	-
Long term provisions		545,814	790,714
Employee termination benefit provision	*11*	*545,814*	*790,714*
Deferred tax liabilities	20	77,604	220,097
Total non-current liabilities		**23,239,781**	**4,857,169**
SHAREHOLDERS' EQUITY			
Share capital	15	75,000,000	75,000,000
Adjustment to share capital	15	22,660,903	22,660,903
Other comprehensive expenses not to be reclassified to profit or loss			
Actuarial losses (-)		*(478,476)*	*(533,979)*
Restricted reserves	15	5,738,254	3,903,812
Retained earnings		15,731,738	17,397,564
Net income for the period		13,788,531	7,168,616
Equity attributable to equity holders of the parent		**132,440,950**	**125,596,916**
Minority interests	**15**	**739,631**	**736,290**
Total shareholders' equity		**133,180,581**	**126,333,206**
Total liabilities and shareholders' equity		**221,695,496**	**191,796,592**

The accompanying explanations and notes form an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015 (ORIGINALLY ISSUED IN TURKISH)

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	Audited Current period 1 January - 31 December 2015	Audited Prior Period 1 January - 31 December 2014
CONTINUING OPERATIONS:			
Revenue	16	10,451,547,087	10,615,904,710
Cost of sales (-)	16	(10,425,958,475)	(10,593,133,722)
Gross profit		**25,588,612**	**22,770,988**
Marketing, selling and distribution expenses (-)	17	(3,085,436)	(1,795,974)
General administrative expenses (-)	17	(32,060,839)	(23,574,265)
Other operating income	18	30,493,575	15,695,646
Other operating expenses (-)	18	(2,797,734)	(1,504,279)
Operating profit		**18,138,178**	**11,592,116**
Financial expenses		(2,474,018)	(2,317,031)
Profit from continuing operations		**15,664,160**	**9,275,085**
Tax expense from continuing operations			
- Taxes on expense (-)	20	(2,009,121)	(2,053,681)
- Deferred tax income	20	156,370	9,415
Profit before tax from continuing operations		**13,811,409**	**7,230,819**
Profit attributable to			
Minority interest	14	22,878	62,203
Equity holders of the parent	21	13,788,531	7,168,616
Earnings per share with nominal value of TL 0.05	**21**	**0.0092**	**0.0048**
Other comprehensive income/(expense)		**55,503**	**(440,662)**
Not to be reclassified to profit or loss			
Actuarial gains/(losses)		*69,379*	*(550,828)*
Deferred tax (expense)/income effect		*(13,876)*	*110,166*
Total comprehensive income		**13,866,912**	**6,790,157**
Total comprehensive income attributable to			
Minority interest		22,878	62,203
Equity holders of the parent		13,844,034	6,727,954

The accompanying explanations and notes form an integral part of these financial statements.

TACİRLER YATIRIM MENKUL DEĞERLER A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015 (ORIGINALLY ISSUED IN TURKISH)

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

	Paid Capital	**Adjustments to share capital**	**Comprehensive expense not to be reclassified to profit or loss**	**Restricted reserves**	**Retained earnings**	**Net income for the period**	**Equity holders of the parent**	**Minority interests**	**Total shareholders equity**
1 January 2014									
Transfer to reserves	**75,000,000**	**22,660,903**	**(93,317)**	**3,903,812**	**10,831,989**	**6,565,575**	**118,868,962**	**953,822**	**119,822,784**
Transfers	-	-	-	-	6,565,575	(6,565,575)	-	-	-
Total comprehensive income	-	-	(440,662)	-	-	7,168,616	6,727,954	62,203	6,790,157
The effect of the change in the ownership of subsidiaries on the capital	-	-	-	-	-	-	-	(279,735)	(279,735)
31 December 2014	**75,000,000**	**22,660,903**	**(533,979)**	**3,903,812**	**17,397,564**	**7,168,616**	**125,596,916**	**736,290**	**126,333,206**
1 January 2015	**75,000,000**	**22,660,903**	**(533,979)**	**3,903,812**	**17,397,564**	**7,168,616**	**125,596,916**	**736,290**	**126,333,206**
Transfer to reserves									
Transfers	-	-	-	1,834,442	5,334,174	(7,168,616)	-	-	-
Total comprehensive income	-	-	55,503	-	-	13,788,531	13,844,034	22,878	13,866,912
Dividend paid (-)	-	-	-	-	(7,000,000)	-	(7,000,000)		(7,000,000)
The effect of the change in the ownership of subsidiaries on the capital	-	-	-	-	-	-	-	(19,537)	(19,537)
31 December 2015	**75,000,000**	**22,660,903**	**(478,476)**	**5,738,254**	**15,731,738**	**13,788,531**	**132,440,950**	**739,631**	**133,180,581**

The accompanying explanations and notes form an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015 (ORIGINALLY ISSUED IN TURKISH)

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	Audited Current period 1 January - 31 December 2015	Audited Prior Period 1 January - 31 December 2014
Net profit for the period		**13,811,409**	**7,230,819**
Adjustments to period income reconcilation:			
Adjustment to depreciation and amortization expenses	8,9	1,681,968	1,313,974
Adjustments related to provision for employment termination benefits	11	130,907	175,241
Adjustments related to provision for unused vacation and bonus provision	11	499,387	98,510
Dividends received		(3,671,786)	(574,686)
Cancellation of lawsuits provision		(722,786)	1,395,460
Adjustments related to profit from fixed asset sales		(2,390,358)	-
Change in accrual of interests	3	(262,349)	(48,210)
Adjustment related to tax expenses	20	1,852,751	2,044,266
Net changes in operatin:			
Adjustments related to changes in trade receivables		11,698,687	(12,744,001)
Adjustments related to changes in financial investments		(29,693,039)	9,871,254
Adjustments related to changes in other assets (-)		(1,753,212)	(3,151,558)
Adjustments related to changes in financial liabilities		(4,129,867)	12,399,382
Adjustments related to changes in trade payables		25,285,652	(4,415,105)
Severance payments (-)		(306,428)	(414,819)
Tax payments (-)		(2,799,612)	(1,593,589)
Adjustments related to changes in other liabilities		(431,406)	483,327
Change in blockage deposits	3	(68,989)	-
Change in customers' assets	3	(17,574,001)	(8,345,344)
Net cash (used in)/provided from operating activities:		**(8,843,072)**	**3,724,921**
Purchase of property and equipment (-)	8	(824,807)	(994,249)
Purchase of intangible assets (-)	9	(1,616,365)	(245,477)
Dividends paid (-)		(7,000,000)	-
Dividends received	18	3,671,786	574,686
B. Cash flows (used in)/provided from investing activities:		**(5,769,386)**	**(665,040)**
Financial leasing interest expenses (-)		(1,467,279)	(642,025)
C. Cash flows used in financing activities:		**(1,467,279)**	**(642,025)**
The effect of changes in foreign exchange rates on cash and cash equivalents		**-**	**-**
Net (decrease)/increase in cash and cash equivalents (A+B+C)		**(16,079,737)**	**2,417,856**
Cash and cash equivalents at the beginning of the period	**3**	**43,618,257**	**41,200,401**
Cash and cash equivalents at the end of the period	**3**	**27,538,520**	**43,618,257**

The accompanying explanations and notes form an integral part of these financial statements.

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE COMPANY

Establishment of Tacirler Menkul Değerler A.Ş. ("the Company") had been registered at 17 December 1990 and the articles of incorporation, dated 7 December 1990, became valid after being published at Trade Registry Gazette n. 2677 on 20 December 1990. The title of the Company has been changed to "Tacirler Yatırım Menkul Değerler A.Ş." with a decision of Board of Directors meeting held on 18 October 2010, and published at Trade Registry Gazette n.7782 on 29 March 2011.

The Company aims to serve as a intermediary institution with the scope of the secondary trading of securities, negotiable instruments other than securities, documents representing financial values or containing financial obligations of the issuer in accordance with the Law No. 6362 "Capital Market Law" and related legislation.

Within this purpose the Company;

a) Serves as an intermediary institution in secondary trading of securities, negotiable instruments other than securities, documents representing financial values or containing financial obligations of the issuer on behalf of the customers or its own behalf.

b) Performs transactions in exchange markets by being a member of such organizations.

c) Participates in present or future joint ventures other than banks and investment trusts within the limits set by the relevant legislation.

d) Provides consultancy services on marketable securities, other negotiable instruments, investments and placements.

e) Provides custody services for securities and other documents, and such services as collections and payments of principal, interest, dividends and other revenue, and exercising of options by obtaining permission from Capital Markets Board (CMB).

f) Uses voting rights arising from shares on behalf of shareholders in accordance with written instructions.

Tacirler Yatırım Menkul Değerler A.Ş., as per the letter issued by CMB on 5 February 2015 with the issue number 32992422.205.03, is vested with the certificate of 'Broadly Authorized Intermediary Institution' as of 18 February 2015.

For the purposes of the consolidated financial statements, the Company and its consolidated subsidiaries, Tacirler Portföy Yönetimi A.Ş., and Tacirler Yatırım Holding A.Ş. are together referred as ("the Group").

The Group mainly operates in one geographical region (Turkey) and in one industry (Capital markets). The Company also operates as a branch in Nicosia.

Headquarters of the Group is located in İstanbul and as of 31 December 2015 the total number of people employed by the Group is 181 which contains the 175 employees who work for the Company and 6 employees who work at the subsidiaries. (31 December 2014: 164). Head office of the Group is located in Akmerkez, Nispetiye Cad. B3 Blok K/9 Etiler / İstanbul. The Company has branches in Ankara, İzmir, Şişli, Fenerbahçe, Erenköy, Kayseri, Kartal, Zonguldak, Bakırköy, İzmit, Adana, Mersin, Denizli, Bursa, Antalya, Gaziantep and Nicosia and it has liaison offices in Karadeniz Ereğli, Istanbul Sirkeci and İzmit.

The financial statements for the period ended 31 December 2015 have been approved by the Board of Directors on 7 March 2016. General Assembly has the power to amend the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Accounting standards and the compliance to TAS

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Boards.

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards, the application of inflation accounting is no longer required.

The Group (and its Turkish subsidiaries) maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

2.1.2 Financial statement amendments in hyperinflationary economies

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards, the application of inflation accounting is no longer required. Accordingly, starting with the 1 January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" standard has not been applied.

2.1.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the financial statements when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.4 Going concern

The Group prepared its financial statements based on going concern principle.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1.5 Comparatives and restatement of prior year financial statements

In order to enable the determination of the financial position and performance trends, the Company's financial statements have been presented comparatively with the prior period. Reclassifications are made on comparative figures to conform to changes in presentation of the financial statements and major differences are explained.

2.1.6 Functional and presentation currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in Turkish Lira, which is the functional and presentation currency of the Company.

2.1.7 Comparative figures and the reclassification to the financial statements of the prior period

The Company complies with the principles and articles of valid commercial laws and regulations and Communiqués announced by CMB in the accounting records and the preparation of the financial statements.

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared in comparison with the financial statements of previous periods. The Company prepared its statement of financial position (balance sheet) as of 31 December 2015 in comparison with the statement of financial position (balance sheet) prepared as of 31 December 2015; prepared statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows between 1 January - 31 December 2015 in comparison with 1 January - 31 December 2014. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

2.2. Changes in Accounting Policies

Significant changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements.

2.2.1 Amendments in standards and interpretations

Adoption of new or revised standards and interpretations

The Company adopted the standards, amendments and interpretations published by Public Oversight Accounting and Auditing Standards Authority which are mandatory for the accounting periods beginning on or after 1 January 2015 which are related to the Company's operations.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

New standards, amendments and interpretations effective as of 31 December 2015:

- Amendment to TAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:

    • TFRS 2, "Share-based payment"
    • TFRS 3, "Business Combinations"
    • TFRS 8, "Operating segments"
    • TFRS 13, "Fair value measurement"
    • TAS 16, "Property, plant and equipment" and TAS 38, "Intangible assets"
    • Consequential amendments to TFRS 9, 'Financial instruments', TAS 37, 'Provisions, contingent liabilities and contingent assets', and
    • TAS 39, "Financial instruments - Recognition and measurement"

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycle of the annual improvements project, that affect 4 standards:

    • TFRS 1, "First time adoption"
    • TFRS 3, "Business combinations"
    • TFRS 13, "Fair value measurement" and
    • TAS 40, "Investment property".

Standards and amendments issued but not yet effective as of 31 December 2015:

- Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- Amendments to TAS 16 "Property,plant and equipment", and TAS 41, "Agriculture", regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- Amendment to TAS 16, "Property, plant and equipment" and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- TFRS 14 "Regulatory deferral accounts", effective from annual periods beginning on or after 1 January 2016. TFRS 14, 'Regulatory deferral accounts' permits first–time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

- Amendments to TAS 27, "Separate financial statements" on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendments to TFRS 10, 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- TAS 1 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improvepresentation and disclosure in financial reports.

- TFRS 10 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

- TFRS 15 "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. TFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- TFRS 9 "Financial instruments", effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The Group did not early-adopt new or amended standards at 31 December 2015. Considering the financial statement items of the Company, it is deemed that the prospective changes would have no significant effect to over the financial position and performance of the Company.

2.3 Changes in accounting policies, accounting estimates 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 recognised in the current and future periods.

2.4 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are summarized below:

(a) Basis of consolidation

The consolidated financial statements of the Company include its subsidiaries, which it controls directly or indirectly. This control is normally evidenced when the Company owns control power, either directly or indirectly, over company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

Subsidiary refers to companies where the Company holds more than 50% of the voting power, directly or indirectly; or the Company holds shares less than 50% but still has the authorization and power to control the enterprise's financial and operational policies for the interest of the Company. The financial statements of the subsidiaries are consolidated from the beginning of the control power over the subsidiaries to end of that power.

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The table below shows the ratio of shares of subsidiaries of the Company as of 31 December 2015 and 31 December 2014:

Company name	31 December 2015 Ratio of shares in capital	31 December 2014 Ratio of shares in capital	Service line
Tacirler Yatırım Holding A.Ş. (Subsidiary)	86.66%	86.36%	Investment Trust
Tacirler Portföy Yönetimi A.Ş. (Subsidiary)	98.33%	92.50%	Portfolio Management

Tacirler Yatırım Holding A.Ş.

Tacirler Yatırım Holding A.Ş. a company established on 14 February 2006 under the title of Tacirler Yatırım Ortaklığı A.Ş. to engage in purposes and areas prescribed in Capital Markets Board's ("CMB") regulations concerning Real Estate Investment Trusts, the company's Board of Directors, on the meeting dated 9 July 2013, made the resolution no. 133 in the direction of holding an Extraordinary General Meeting on 26 August 2013 with the purpose of amending the articles of incorporation of the Subsidiary in order to remove its status of real estate investment trust and change its field of activity into Investment Holding. Amendment of the whole articles of incorporation has been submitted for the approval of CMB, and the company's status of real estate investment trust was removed from "real estate investment trust". The resolution enacted at the Extraordinary General Meeting held on 26 August 2013 concerning the amendment of the articles of incorporation has been approved by the Istanbul Office of Trade Register as of 5 September 2013, and published in the trade registry gazette as of 11 October 2013. In consequence of the concerning registration, the erstwhile company title "Tacirler Yatırım Ortaklığı A.Ş." has been changed to "Tacirler Yatırım Holding A.Ş.".

Tacirler Portföy Yönetimi A.Ş.

Tacirler Portföy Yönetimi A.Ş. was established with the purpose of managing portfolios consisting of capital market instruments in pursuance with the provisions of regarding legislation and Capital Market Law as a proxy as it is authorized through the agreements entered into between the company and clients, and engage in capital market operations by having been registered in Istanbul Office of Trade Registry on 23 August 2011; its establishment was announced in the Trade Registry Gazette no. 7890 on 29 August 2011. The Certificate of Portfolio Management Authorization, with the no "PYŞ.PY.47/979" and date 5 September 2012, had been acquired upon Capital Markets Board's letter, dated 5 September 2012, with the issue number of B.02.6.SPK.0.15-355-03-791-8905, and the Certificate of Good Standing, with the number "PYŞ/PY.24/639" and date 18 June 2015 was acquired for portfolio management upon Capital Markets Board's letter dated 19 June 2015 dated with the issue number of 12233903-335.99-E.6197 as a result of the application made to Capital Markets Board in compliance with Capital Markets Law Numbered 6362 and Communique on Portfolio Management Companies and Principles Concerning Their Operations, Numbered III-55-1. In this regard, upon request of the Capital Markets Board, the expired Certificate of Portfolio Management Authorization, Numbered "PYŞ.PY.47/979" and dated 5 September 2012, has been cancelled with the announcement in the Trade Registry Gazette Numbered 8862, dated 14 July 2015.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(b) Revenue recognition

(i) Fee and commission income and expenses

Fees and commissions are recorded as income or expense at the date of payment or collection. Furthermore, funds management fees and portfolio management fees are recognised on an accrual basis. Common stock transaction commissions are netted off with commission returns (Note 16).

(ii) Interest income and expenses and dividend income

Interest income and expenses are recognised 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 amortisation of discounts on government bonds.

Dividend income from common stock investments are recognised when the shareholders have the right to take the dividend.

(c) Trade receivables

The Group books a provision for the doubtful receivables when there is an objective evidence of trade receivables are uncollectible. The correspondent provision amount is the difference between the book value and uncollectible receivable amount. The collectible amount is the discounted portion of trade receivables by effective interest rate including the collectible guarantees and securities.

In the event of the collections of the doubtful receivables whether the whole amount or the some part of it, after the booking of the provision for the doubtful receivables, the collected amount is deducted from the doubtful receivables provision.

(d) Financial assets

The Group classifies and accounts its financial assets as "Fair value through profit or loss", "Available-for-sale" and "Loans and other receivables".

All purchases and sales of financial assets are recognised at the settlement date.

Financial assets are classified according to purpose of purchase and Management's "market risk policies" at the time of purchase.

Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(i) Financial assets at fair value through profit or loss

Financial assets, which are classified as "Financial assets at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short term profit making exists independent from the acquisition purpose.

Trading financial assets are initially recognised at fair value and are subsequently re-measured at their fair value. In assessing the fair value of the trading securities, the best bid price as of the balance sheet date is used. In case that the fair value price is not formed in an active market conditions it is accepted that the fair value of the asset has not been determined reliably and "The discounted value" which is calculated by effective interest rate is taken into account as fair value. The gains and losses formed as a result of valuation made are booked to the related income/expense accounts.

All related realised and unrealised gains and losses, dividends received and interest earned whilst holding trading securities is reported as "Financial income".

(ii) Financial assets available-for-sale

Available-for-sale financial assets consist of financial assets excluding the "Loans and receivables" and "Financial assets at fair value through profit or loss".

The related assets are valued by fair value in the periods following their recording to the books. In case that the fair value price is not formed in an active market conditions it is accepted that the fair value of the asset has not been determined reliably and the discounted value which calculated by effective interest rate is taken into account as fair value.

Available-for-sale financial assets are subsequently re-measured at fair value. "Unrealised gains and losses" arising from changes in the fair value of securities classified as available-for-sale are recognised in shareholders' equity as "Marketable Securities valuation reserve", until there is a permanent decline in the fair values of such assets or they are disposed of.

When these securities are disposed of or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

When a prolonged decrease in the fair value of these securities' has been determined, this impairment loss is recognised in the income statement.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(iii) Reverse repurchase agreements

Securities purchased under agreements to resell ("reverse repurchase agreements") are classified under cash and cash equivalents in the balance sheet. The difference between purchase and resell price of these repurchase agreements is treated as interest income and accrued over the life of the reverse repurchase agreement.

(e) Property and equipment

Property and equipment are carried at cost less accumulated depreciation (Note 8).

Depreciation is provided on restated amounts of property and equipment using the straight-line method based on the useful lives of such assets. The estimated useful lives of assets are as it is shown below:

Buildings	50 years
Machinery, plant and equipment	3-15 years
Office equipment, furniture and fixtures	5 years
Motor vehicles	5 years
Leasehold improvements	4-5 years

Estimated useful life and depreciation method are reviewed every year to identify the effects of the changes in estimations and the changes in estimations are entered into accounts.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Gains and losses on the disposal of property and equipment are determined in reference to their carrying amounts and are taken into account in determining operating profit.

Assets acquired under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease (Note 14).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(f) Intangible assets

Intangible assets comprise acquired intellectual property, information systems and computer software. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated economic lives for a period not exceeding three to five years from the date of acquisition. To determine the change effect in estimation of the estimated useful lives and depreciation method is considered every year and accounted accordingly to changes in these estimations (Note 9).

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

Rights	3-5 years

(g) Impairment of financial assets

Financial assets except trading financial assets are evaluated each period to determine whether they have indicators of impairment.

The financial instruments are accepted as impaired in case that the expected collectable amount calculated by discounting of expected future cash flows by an effective interest rate or the amount accounted in accordance with the fair value of the instrument are lower than the book value of the instrument. For the impaired financial assets the provision for the impairment has been calculated and the booked to the related provision expense accounts.

A credit risk provision for loans is established if there is objective independent evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between carrying amount and net realizable value being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted as of the balance sheet date.

Cash and cash equivalents are liquid assets and do not have significant impairment risk.

(h) Financial liabilities

Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition the financial liabilities are measured at amortized cost using the effective interest method.

(ı) Borrowing cost

All financial expenses are recognised on an accrual basis.

(i) Earnings per share

Earnings per share disclosed in these statements of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned (Note 21).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(j) Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions and monetary assets and liabilities denominated in foreign currencies translated by using period-end exchange rates of Central Bank of the Republic of Turkey's bid rates. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(k) Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources 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 Group are not included in the financial statements and treated as "Contingent assets or liabilities" (Note 10).

Contingent assets generally arise from unplanned or other unexpected events that bear the probability of inflow of economic benefits to the Group. Contingent assets are not shown on the financial statements, since they may imply accounting of an income that will never be gained. Contingent assets are disclosed in financial statement disclosures, if the inflow of the economic benefits to the Group is probable. Contingent assets are subject to continuous evaluation in order to reflect the effect of developments in contingent assets to financial statements accurately. In case that the probability of inflow of the economic benefit to the Company is almost certain, the related asset and the income generated from the asset are reflected to the financial statements of the regarding period.

(l) Finance leases (where the Group is lessee)

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payment. Leased assets are included in the property and equipment and depreciation on the leased asset is charged to income on a straight-line basis over the useful life of the asset. Lease payments are presented as "Financial expenses" in consolidated balance sheet.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(m) 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 (Note 26).

(n) Related parties

For the purpose of the accompanying consolidated financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties (Note 22).

(o) Taxes calculated over Group's profit

Corporate tax

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognised in operating expenses (Note 20).

Turkish tax regulations do not enable the parent company to give tax statement over the consolidated financial statements of its subsidiaries and affiliates. Due to this reason, tax provisions reflected to these consolidated financial statements are calculated for each company the full consolidation scope.

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

Deferred income tax

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred income tax.

The deferred income tax assets and the deferred tax liabilities can be netted off only if there is a legal right in this respect according to the tax legislation of the country they are dependent on.

The main temporary differences comprise of provisions for employment termination benefits and unused vacation, the differences between the tax value and carrying value of the buildings and financial assets available-for-sale and provisions for miscellaneous expenses.

Deferred income tax liabilities and assets are recognised when it is probable that the future economic benefit resulting from the reversal of temporary differences will flow to or from the Company. Deferred tax assets resulting from temporary differences in the recognition of expense for income tax and financial reporting purposes are recognised to the extent that it is probable that future taxable profit will be available against which the deferred income tax asset can be utilised.

Current tax except for the related items accounted under "Value increase fund" in equity and deferred tax of the regarding period is accounted as income or expense in the statement of income.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(ö) Employee benefits

Obligations related to employee termination and vacation rights are accounted for in accordance with “Turkish Accounting Standard for Employee Rights” (“TAS 19”) and are classified under “provision for employee benefits” account in the balance sheet.

Under Turkish Labour Law, the Group 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. Employment termination benefits represent the estimated present value of the total reserve of the future probable obligation of the Company arising in the case of the retirement of the employees calculated in accordance with this Law (Note 11).

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Company, the recognition method of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the income statement has been eliminated and it is effective for the annual periods beginning on or after 1 January 2013. The earlier application of the revision is permitted in the section of the transition and effective date of the Standard and therefore the Company has recognised the actuarial gains and losses that occur in related reporting periods under the other comprehensive income and presented in the “Actuarial loss on employee benefits” item in the Equity section of the statement of financial position.

(p) Share capital and dividends

Ordinary shares are classified as capital. Dividends on ordinary shares are recognised by deducting from retained earnings and reclassifying as dividend payables in the period in which they are declared.

(r) Cash flow statement

For the purposes of cash flow statement, the Group considers cash, bank deposits, receivables from reverse repurchase agreements and mutual funds with a maturity of no more than three months (Note 3).

(s) Shares and issuance

When the Group issue shares above their nominal value, the excess over the nominal value is accounted under shareholders’ equity as “Share premium”. No dividend payments of the Group were announced after the balance sheet date.

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.

Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Fair values of trading financial assets

The Group determines the fair values of trading financial assets such as, government bonds, private sector bonds, and stock certificates by using quoted market prices of financial instruments in active markets.

Recognition of deffered tax assets:

Deffered tax assets can be recorded as long as there is possible stated tax benefits. Amount of the taxable profits and possible tax benefits of the further years is based on the prediction of medium term business plan which is prepared by the management. Business plan is based on the reasonable expentations of the company under proper circumstances.

Sale and leaseback transactions

As is also explained in Note 8, the Group sold its headquarters office building to a leasing company and leased it back. The group regard the procedure as in the context of Financial Leasing.

NOTE 3 - CASH AND CASH EQUIVALENTS

	31 December 2015	**31 December 2014**
Cash on hand	3,505	4,000
Banks	35,964,784	46,784,279
- *Time deposit (*)*	*19,297,326*	*34,034,700*
- *Demand deposit*	*16,667,458*	*12,749,579*
Receivables from reverse repurchase agreements (**)	24,738,123	15,911,178
"Vadeli İşlem ve Opsiyon Piyasası" security deposits	9,425,439	5,886,145
Cheques receivable	7,249	-
	70,139,100	**68,585,602**

(*) As of 31 December 2015, the Group has TL 17,775,013 time deposits held on behalf of customer as explained in Note 6 (31 December 2014: TL 9,007,957).

(**) As of 31 December 2015, all reverse repurchase agreements are signed for the name of customers as explained in Note 6 (31 December 2014: All reverse repurchase agreements are signed for the name of customers) .

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

As of 31 December 2015 the Group has time deposit (less than 3 months) with the average interest rate 11.27% (31 December 2014: 6.22%). Cash and cash equivalents of the Group are shown in cash flow statements by deducting interest accruals and customer's assets. For the purpose of the preparation of cash flow statements, breakdown of cash and cash equivalents is as follows:

	31 December 2015	**31 December 2014**
Cash and cash equivalents	70,139,100	68,585,602
Interest accruals (-)	(38,455)	(48,210)
Blockage deposits (-)	(68,989)	-
Customer deposits (-)	(42,493,136)	(24,919,135)
	27,538,520	**43,618,257**

NOTE 4 - FINANCIAL ASSETS

Short term financial investments

	31 December 2015	**31 December 2014**
Financial assets held-for-trading		
- Private sector bond	*30,706,918*	*2,038,208*
- Government bonds	*2,411,904*	*4,552,208*
- Treasury bills	*535,974*	-
- Common stocks (*)	*387,914*	*108,964*
- Investment funds (**)	*5,267,743*	*4,267,883*
	39,310,453	**10,967,263**

(*) All common stock assets are publicly-traded in Borsa İstanbul A.Ş.
(**) All of the investment Funds are issued and founded by Tacirler Portföy Yönetimi A.Ş., which is a related party of the Company.

Long term financial investments

	31 December 2015	**31 December 2014**
Financial assets available for sale		
- Common stocks (*)	*28,332,600*	*27,245,100*
	28,332,600	**27,245,100**
Toplam finansal varlıklar	**67,643,053**	**38,212,363**

(*) As of 31 December 2015, the Group has the common stock of İstanbul Takas ve Saklama Bankası A.Ş. ("Takasbank") amounting to TL 26,542,765 (31 December 2014: TL 25,455,265)

As at 31 December 2015 the company holds 277,500,000 shares with a nominal value of TL 27,750,000 (31 December 2014: 270,000,000 shares with a nominal value of TL 27,000,000) of İstanbul Takas ve Saklama Bankası A.Ş. Takasbank equal to 4.63% its total equity (31 December 2014: 4.5%). Mentioned equity securities which are not quoted in a market and the fair values of which cannot be determined reliably, are carried at cost less any impairment.

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 5 - FINANCIAL LIABILITIES

Short term financial liabilities

	31 December 2015	31 December 2014
Borrowings	4,242,005	31,129,403
Financial lease liabilities	4,728,161	1,626,780
	8,970,166	**32,756,183**

As of 31 December 2015, borrowing amount is TL 4,242,005 and the average interest rates are between 12.1% and 13.5% (31 December 2014: TL 31,129,403 average interest rate is 10.38%).

Long term financial liabilities

	31 December 2015	31 December 2014
Financial lease liabilities	11,992,550	3,846,358
	11,992,550	**3,846,358**

Financial lease obligations

The Company has leased tangible assets through financial leasing agreements and the details of gross and net financial lease obligations are as follows:

	31 December 2015	31 December 2014
Within 1 year	6,310,059	2,103,446
1-5 years	14,471,719	4,284,126
Gross financial lease obligations	**20,781,778**	**6,387,572**
Less: Deferred financial lease expenses (Within 1 year)	(1,581,898)	(476,665)
Less: Deferred financial lease expenses (More than 1 year)	(2,479,169)	(437,769)
Net financial lease obligations	**16,720,711**	**5,473,138**

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Short term trade receivables

	31 December 2015	31 December 2014
Receivables from loan customers	34,831,241	39,685,586
Receivables from customers	16,303,855	3,360,228
Receivables from related parties (Note 22)	219,523	159,945
Doubtful receivables	685,748	232,369
Provision for doubtful receivables (-)	(685,748)	(232,369)
Receivables from custody and settlement institution (*)	-	19,847,547
	51,354,619	**63,053,306**

(*) Since the Group adopted transaction date based accounting, this amount contains effective date based receivables from common stock sales for the last 2 days of the balance sheet date.

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

The Company provides loans to customers for the purchase of share certificates. As of 31 December 2015, the Company is taken stocks that are traded on the stock exchange with fair values of TL 110,371,305 (31 December 2014: TL 95,930,000) as guarantees for loans from its customers.

Short term trade payables

	31 December 2015	31 December 2014
Repurchase agreements for customers	24,738,123	15,911,178
Payables to customers from deposits	17,755,013	9,007,957
Payables to custody and settlement institution (*)	4,188,916	-
Payables to related parties (Note 22)	3,551,157	28,422
	50,233,209	**24,947,557**

(*) Since the Group adopted transaction date based accounting, this amount contains effective date based payables for common stock purchasings for the last 2 days of the balance sheet date.

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Short term other receivables:

	31 December 2015	31 December 2014
Deposits and guarantees given (*)	6,745,281	1,631,123
Advances given (**)	269,108	3,740,111
Notes receivables	48,523	208,703
Other receivables from related parties (Note 22)	7,157	11,371
Other receivables	15,536	103,524
	7,085,605	**5,694,832**

(*) As of 31 December 2015, TL 6,741,361 contains security deposits given for operations of Kaldıraçlı Alım Satım ("KAS").

(**) Related amount contains the sponsorship agreement which is signed with a sport club expenses. This sponsorship agreement is dissolved by the Group, based on the option of the contract after the balance sheet date. So, related amount is transferred to receivables after the balance sheet date.

Long term other receivables from other parties:

	31 December 2015	31 December 2014
Deposits and guarantees given (*)	897,203	680,332
	897,203	**680,332**

(*) As of 31 December 2015, TL 821,140 contains deposits given for operations of "VIOP Guarantee Fund" security.

Short term other payables to other parties:

	31 December 2015	31 December 2014
Taxes and funds payable	1,355,866	708,128
Other miscellaneous liabilities	18,093	4,425
	1,373,959	**712,553**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

8 - PROPERTY AND EQUIPMENT

31 December 2015	Buildings	Leasehold improvements	Machinery, plant and equipment	Motor vehicles	Furniture and fixtures	Total
Net book value, 1 Jan. 2015	12,161,951	32,084	932,090	523,263	351,337	14,000,725
Additions (*)	18,250,000	-	749,935	-	74,872	19,074,807
Disposals, net	(11,847,184)	-	(155,035)	-	-	(12,002,219)
Depreciation charge (-)	(340,093)	(32,084)	(446,522)	(274,404)	(128,094)	(1,221,197)
Depreciation disposals, net	1,651,415	-	155,035	-	-	1,806,450
Net book value	**19,876,089**	**-**	**1,235,503**	**248,859**	**298,115**	**21,658,566**
Cost	20,505,565	1,303,683	6,083,095	1,635,484	1,641,658	31,169,485
Accumulated depreciation (-)	(629,476)	(1,303,683)	(4,847,592)	(1,386,625)	(1,343,543)	(9,510,919)
Net book value	**19,876,089**	**-**	**1,235,503**	**248,859**	**298,115**	**21,658,566**

(*) As of 31 December 2015, the net carrying amount of finance leased building is TL 18,250,000. The Group sold its head office building on 31 March 2015 with sell and lease back agreement and leased back the head office building from Yapı Kredi Finansal Kiralama A.Ş.. Terms of the leasing agreement is five years. After five years, ownership of the property will pass to the Group.

31 December 2014	Buildings	Leasehold improvements	Machinery, plant and equipment	Motor vehicles	Furniture and fixtures	Total
Net book value, 1 Jan. 2014	12,040,075	120,830	1,119,752	798,284	221,299	14,300,240
Additions	408,001	91,374	309,436	-	185,438	994,249
Disposals, net	-	(132,665)	(41,689)	-	(1,959)	(176,313)
Depreciation charge	(286,125)	(47,455)	(455,409)	(275,021)	(53,441)	(1,117,451)
Net book value	**12,161,951**	**32,084**	**932,090**	**523,263**	**351,337**	**14,000,725**
Cost	14,102,749	1,303,683	5,488,195	1,635,484	1,566,786	24,096,897
Accumulated depreciation	(1,940,798)	(1,271,599)	(4,556,105)	(1,112,221)	(1,215,449)	(10,096,172)
Net book value	**12,161,951**	**32,084**	**932,090**	**523,263**	**351,337**	**14,000,725**

NOTE 9 - INTANGIBLE ASSETS

	1 January 2015	Additions	Disposals	31 December 2015
Cost	1,265,892	1,616,365	-	2,882,257
Accumulated amortisation	(769,060)	(460,771)	-	(1,229,831)
Net book value	**496,832**	**1,155,594**	**-**	**1,652,426**

	1 January 2014	Additions	Disposals	31 December 2014
Cost	1,020,415	245,477	-	1,265,892
Accumulated amortisation	(572,537)	(196,523)	-	(769,060)
Net book value	**447,878**	**48,954**	**-**	**496,832**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2015 and 2014 the detail of guarantees given is listed below;

Guarantees given:

Type	Entity	31 December 2015	31 December 2014
Letter of guarantee	Takasbank Para Piyasası Teminatı	25,000,000	15,000,000
Letter of guarantee	BIST	9,400,000	12,300,000
Letter of guarantee	SPK	2,901,000	1,000
Letter of guarantee	Kocaeli 4. Asliye Mahkemesi	8,021	8,021
Letter of guarantee	Matrix Alt Alıcılık	8,000	8,000
Letter of guarantee	8. Asliye Mahkemesi	4,500	4,500
		37,321,521	**27,321,521**

Guarantees received:

The Group provides loan to customers to use for stock exchange transactions. As of 31 December 2015, the Group holds TL 110,371,305 stock exchange securities as guarantee for the loans they provided (31 December 2014: TL 95,930,000).

NOTE 11 - SHORT TERM AND LONG TERM PROVISIONS

(a) Short term provisions:

	31 December 2015	31 December 2014
Provision for employee benefits	672,050	235,951
- *Personel bonus provision*	*475,000*	-
- *Unused vacation provision*	*197,050*	*235,951*
Other short term provisions (*)	707,889	1,430,675
	1,379,939	**1,666,626**

(*) As of 31 December 2015 the group has short term provisions amounting to TL 707,889 (31 December 2014: TL 1,430,675) and the detail table is below;

	31 December 2015	31 December 2014
Provision for lawsuits (**)	685,748	1,395,460
Other provisions	22,141	35,215
	707,889	**1,430,675**

(**) Provision for lawsuits are calculated by the best estimation of the management about continuning cases and reflected to the consolidated financial statements.

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 11 - SHORT TERM AND LONG TERM PROVISIONS (Continued)

As of 31 December 2015 and 2014 the unused vacation provision movement table is below;

	2015	2014
Period beginning - 1 January	235,951	112,073
Current period provision/(cancelled provision), net	(38,901)	123,878
Period end - 31 December	**197,050**	**235,951**

(b) Long term employee benefits

	31 December 2015	31 December 2014
Provision for employment termination benefits	545,814	790,714
	545,814	**790,714**

Provision for employment termination benefits are calculated within explanations below:

Under the Turkish Labour Law, the Group 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 reaches the retirement age (58 for women and 60 for men) or works the minimum year (20 for women and 25 for men).

The amount payable consists of one month's salary limited to a maximum of TL 3,828.37 (31 December 2014: TL 3,438.22) for each period of service at 31 December 2015.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. Both Turkish and International Financial Reporting Standards 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:

	31 December 2015	31 December 2014
Discount rate (%)	4.67	2.83
Turnover rate to estimate the probability of retirement (%)	73	74

The principal assumption is that the maximum liability of employment termination benefits for each year of service will increase in line with inflation, starting from 1 January 2006. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 4,092.53 which is the ceiling amount effectively after 1 January 2015 (1 January 2014: TL 3.541,37), has been taken into consideration in calculating the provision for employment termination benefits of the Company.

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Company, the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations must be accounted in the "Statement of comprehensive income" and presented as "Other comprehensive income" which is effective for the annual periods beginning on or after 1 January 2013.

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 11 - SHORT TERM AND LONG TERM PROVISIONS (Continued)

Movements in the provision for employment termination benefits during the periods are as follows:

	2015	2014
Opening - 1 January	**790,714**	**464,446**
Charge during the year	67,791	118,839
Interest cost	63,116	71,420
Paid during the period	(306,428)	(414,819)
Actuarial loss	(69,379)	550,828
Closing - 31 December	**545,814**	**790,714**

NOTE 12 - PREPAID EXPENSES

Prepaid expenses - short term	31 December 2015	31 December 2014
Computer software maintenance expenses	497,375	-
Personnel health insurance	167,764	99,180
Prepaid rent	26,354	44,631
Other prepaid expenses	22,590	22,565
	714,083	**166,376**

Prepaid expenses - long term	31 December 2015	31 December 2014
Prepaid expenses for the following years	133,594	882,520
	133,594	**882,520**

NOTE 13 - CURRENT TAX ASSETS

Current tax assets:	31 December 2015	31 December 2014
Corporate income tax assets	330,399	-
	330,399	**-**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

14 – UNEARNED REVENUE

	31 December 2015	31 December 2014
Short term unearned revenue		
Unearned revenue of sale and leaseback (*)	3,187,144	-
	3,187,144	**-**
Long term unearned revenue		
Unearned revenue of sale and leaseback (*)	10,623,813	-
	10,623,813	**-**

(*) As explained in detail in Note 8, the Group sold its head office building on 31 March 2015 with sell and lease back agreement and leased back the head office building from Yapı Kredi Finansal Kiralama A.Ş.. Terms of the leasing agreement is five years. After five years, ownership of the property will be transfered to the Group., As a result of this sale, amount between pre-sale carrying amount and sales income will be recognized as income throught the life of the agreement. Sale income amounting to TL 2,390,358 recognized as "Other Operating Income" in the period ended at 31 December 2015, and remaining sale profit amounting to TL 13,810,957 has been accounted as unearned revenue as of 31 December 2015.

NOTE 15 - SHAREHOLDERS' EQUITY

The share capital of the company amounting to TL 75,000,000 (31 December 2014: TL 75,000,000) consists of 1,500,000,000 shares (31 December 2014: 1,500,000,000) each having a nominal value of TL0.05. With a decision of ordinary General Assembly dated 23 May 2013, the Company's registered capital has been increased to TL 75,000,000 from TL 15,000,000. Mentioned change has been registered with the publishment on Turkish Trade Registry Gazette dated 28 June 2013.

As of 31 December 2015 and 2014, the shareholders' of the Company and their share capital with historical amounts are as follows:

	31 December 2015		31 December 2014	
Shareholders	**TL**	**Share %**	**TL**	**Share %**
Tacirler Holding A.Ş.	18,572,500	24.76	18,572,500	24.76
Hamdi Tacir	17,812,500	23.75	17,812,500	23.75
Mehmet Tacir	17,812,500	23.75	17,812,500	23.75
Alaettin Tacir	17,047,500	22.73	17,047,500	22.73
Ahmet Tacir	750,000	1.00	750,000	1.00
Atilla Tacir	750,000	1.00	750,000	1.00
Halit Tacir	750,000	1.00	750,000	1.00
Murat Tacir	750,000	1.00	750,000	1.00
İsmet Yazıcı	750,000	1.00	750,000	1.00
Mustafa İleri	5,000	0.01	5,000	0.01
Paid in capital	**75,000,000**	**100.00**	**75,000,000**	**100.00**
Adjustments to share capital	22,660,903		22,660,903	
Total	**97,660,903**		**97,660,903**	

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 15 - SHAREHOLDERS' EQUITY (Continued)

Adjustment to share capital represents the difference between the inflation adjusted total amount of contributions to share capital and historic value of share capital.

According to the Turkish Commercial Code, legal reserves consist of first and second legal reserves. Primary reserves are 5% of statutory net profit until reaches 20% of the Company's share capital. Secondary reserves are 10% of profit distributed in excess of 5% of share capital. According to the Turkish Commercial Code, legal reserves unless exceeding 50% of share capital can be used to offset losses, and cannot be used in any other way.

In accordance with the decision taken in Capital Market Board's assembly no: 20/670 dated 7 June 2013, reserves on retained earnings due to legal or contractual obligations or specific purposes other than profit distribution are classified as "Restricted reserves". As of 31 December 2015, the restricted reserves amount of the Company is TL 3,903,812 (31 December 2014: TL 3,903,812).

Restricted reserves

	31 December 2015	31 December 2014
First legal reserves	4,509,442	3,000,000
Second legal reserves	1,228,812	903,812
Total restricted reserves	**5,738,254**	**3,903,812**

In accordance with the decision taken in Capital Market Board's assembly no: 20/670 dated 7 June 2013, "Share capital", "Restricted reserves allocated from profit" and "Share premiums" need to be recognized over the amounts contained in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising from the valuation of "Paid-in capital" and not yet been transferred to capital should be classified under the "Inflation adjustment to share capital";

- if the difference is arising from valuation of "Restricted reserves" and "Share premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained earnings",

Capital adjustment differences have no other use other than being transferred to share capital.

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 15 - SHAREHOLDERS' EQUITY (Continued)

Joint stock corporations with shares traded on the exchange are subject to the following principles set by CMB, regarding dividend distribution:

According to CMB decision dated 28 January 2010, there is no obligation to pay any dividend for the publicly held companies with shares traded on exchange in the "Principles regarding distribution of dividends". The CMB communiqué serial IV No.27 "Principles Regarding Distribution Of Dividends And Interim Dividends To Be Followed By The Publicly Held Joint Stock Corporations Subject To Capital Market Law" allows corporations to distribute dividends completely in cash, to distribute dividends completely in bonus share form, distribute dividends both in cash and bonus share form with certain rates, or to retain the relevant amount within the Company instead of distribution in the event that the first dividend is less than %5 of paid-in/issued capital based on the decision taken in general assemblies in accordance with article of association of the companies. However, for those companies which prefer to distribute dividend from profit gained by them at the end of the accounting period out of the companies that have made capital increase in cash before distributing Prior Period's profit causing their shares to be traded in two different lines as old and new in the exchange are obliged to distribute first dividend in cash.

In addition, based on the CMB regulations, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

According to the first decision taken in the Board of Directory meeting held on 1 April 2015 with the number of 1696, the Group had been paid dividend amount of TL 3,000,000 in cash from retained earnings. And according to the second decision taken in the Board of Directory meeting held on 29 December 2015 with the number of 1803, the Group had been paid dividend amount of TL 4,000,000 in cash from retained earnings.

Changes in minority interests for the period are as follows;

	2015	2014
Openning - Minority interest 1 January	**736,290**	**953,822**
Minority interest in comprehensive income	22,878	62,203
The effect of the change in the share of subsidiaries on capital	(19,537)	(279,735)
Closing -Minority interest 31 December	**739,631**	**736,290**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 16 - SALES AND COST OF SALES

	1 January - 31 December 2015	1 January - 31 December 2014
Sales		
Government bonds sales	8,600,440,713	8,801,639,286
Common stock sales	1,739,449,391	1,758,652,301
Treasury bonds sales	43,502,172	16,828,147
Private sector bonds sales	41,111,304	18,615,292
Investment fund sales	4,732,672	1,017,217
Other income	123,108	-
	10,429,359,360	**10,596,752,243**
Services income		
Domestic common stock commissions	10,312,725	9,137,705
Kaldıraçlı Alım Satım ("KAS") transactions income	6,724,703	5,916,582
Brokerage commissions of derivative inst.	1,648,882	1,537,493
Turdex exchange transaction fee received from customers	1,218,043	639,970
Sales commissions on public offerings	1,270,000	1,707,390
Fund management commission income	627,373	221,955
Foreign common stock commissions	521,173	480,924
Countermand fee received from customers	131,993	109,915
BES sales commision	124,162	21,434
Customer deposit commision income	119,589	60,816
Liquidty providing services income	57,000	-
Portfolio management commission income	54,123	53,289
Income from market colsulting services	35,508	57,900
Repurhase/reverse repurchase brokerage commission	32,836	39,252
EFT and Post Office Department commision income	31,434	35,333
DIBS sales/purchase brokerage commission	20,809	12,671
Accommodation operations commision income	8,224	1,522
Other income	44,635	35,876
	22,983,212	**20,070,027**
Returns and deductions (-)		
Customer commission returns (-)	(795,485)	(917,560)
	(795,485)	**(917,560)**
Cost of sales		
Cost of government bonds sales	(8,599,503,207)	(8,800,825,734)
Cost of common stock sales	(1,737,614,782)	(1,765,743,838)
Cost of treasury bills sales	(43,271,925)	(16,826,495)
Cost of private sector bonds sales	(40,886,040)	(8,719,278)
Cost of investment funds sales	(4,606,418)	(1,014,759)
Cost of other sales	(76,103)	(3,618)
Total cost of sales	**(10,425,958,475)**	**(10,593,133,722)**
Gross revenue	**25,588,612**	**22,770,988**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 17 - MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2015	**1 January - 31 December 2014**
General administrative expenses (-)	32,060,839	23,574,265
Marketing, sales and distribution expenses (-)	3,085,436	1,795,974
	35,146,275	**25,370,239**

Details of marketing and general administrative expenses for the period are as follows;

	1 Ocak - 31 Aralık 2015	**1 Ocak - 31 Aralık 2014**
Personnel expenses	14,423,827	9,573,915
Taxes, duties and charges	2,500,401	1,822,350
Exchange markets transaction fees	2,244,842	1,443,957
Kaldıraçlı Alım Satım ("KAS") expenses	3,800,135	2,776,043
Depreciation and amortization expenses (Note 8,9)	1,681,968	1,313,974
Personnel premium expenses	1,404,179	-
Rent expenses	1,298,227	562,424
Data line expenses	1,261,578	1,023,804
Advertising and promotion expenses	1,054,723	1,235,166
Representation expenses	793,369	737,562
Consultancy and audit expenses	687,701	441,356
Communication expenses	653,528	530,808
Travel expenses	542,522	254,948
Non-tax-deductible expenses	463,650	589,956
Miscellaneous office expenses	412,289	260,671
Maintenance expenses	372,582	352,841
Electricity, water, heating expenses	275,680	249,956
Membership and subscription fees	259,930	205,203
Notary fee expenses	170,231	27,193
Employee termination benefits expenses	130,907	175,241
Central Securities Agency commisions	116,492	115,183
Service fees	8,019	12,147
Lawsuit provision expenses	-	1,395,460
Other	589,495	270,081
	35,146,275	**25,370,239**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 18 - OTHER OPERATING INCOME/EXPENSE

Other operating income:

	1 January - 31 December 2015	**1 January - 31 December 2014**
Interest income from loan customers	7,941,175	9,046,775
Fixed assets sales income (*)	5,474,110	-
Foreign exchange gains	3,963,755	1,081,954
Dividend income	3,671,786	574,686
Interest income from private sector bills	2,300,995	-
Terminated provisions	1,850,081	21,606
Interest income from banks	1,846,213	1,305,718
Default interest income from customers	870,415	1,981,999
Derivative and Money Market transactions income	671,022	-
Income from investment funds (Dipnot 22)	307,534	364,408
Interest income from government bonds	282,916	32,736
Portfolio management accounts income	272,721	-
Marketable securities income accrual	134,472	582,357
Interest income on repurchase agreements	107,746	-
Common stock sales income	93,116	-
Redemption interest income from government and treasury bonds	68,182	452,443
Other	637,336	250,964
	30,493,575	**15,695,646**

(*) As explained in detail in Note 8, the Group sold its head office building on 31 March 2015 with sell and lease back agreement with Yapı Kredi Finansal Kiralama A.Ş. As a result of this sale, amount between pre-sale carrying amount and sales income which is TL 3,083,752 will be recognized as income throught the life of the agreement. Sale income amounting to TL 2,390,358 has been recognized as "Other Operating Income" in the period ended at 31 December 2015.

Other operating expense:

	1 January - 31 December 2015	**1 January - 31 December 2014**
Marketable securities expense accrual	(1,856,337)	(1,004,438)
Commision and services fee paid	(381,264)	-
Foreign exchange losses	(323,009)	(206,770)
Letter of guarantee expenses	(118,427)	(87,811)
Investment funds impairment expenses	(16,524)	(105,341)
Cancellation of accrual of income on time deposits	-	(7,283)
Other	(102,173)	(92,636)
	(2,797,734)	**(1,504,279)**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

19 - FINANCIAL EXPENSES

	1 Ocak - 31 Aralık 2015	1 Ocak - 31 Aralık 2014
Interest expenses to banks	(1,006,739)	(1,675,006)
Financial leasing interest expenses	(1,467,279)	(642,025)
	(2,474,018)	**(2,317,031)**

NOTE 20 - TAX ASSETS AND LIABILITIES

The Corporate Tax Law was amended by Law No. 5520 on 13 September 2006. Many articles of Corporate Tax Law No. 5520 will be effective retrospectively starting from 1 January 2006. According to this, the corporate Tax rate in Turkey is 20% for the year 2014 (2013: 20%). The Corporate Tax rate is applied to the Company's income after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption and investment allowance, etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on an investment incentive allowance utilised within the scope of Income Tax Law temporary Article 61).

Corporations are required to pay advance corporate tax quarterly at the rate of 20% on their corporate income. Advance tax declaration is made by the 14th day of the following month and payable by the 17th day of the second month following each calendar quarter end by companies. Advance tax paid by corporations is credited against the annual corporate tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date.

Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from Prior Periods.

The Corporate Tax Legislation consists of various numbers of exemptions regarding the corporations. Hence, the exceptional earnings that are classified as profit or loss is taken into consideration by the corporate tax law.

The Company recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and the Turkish tax legislations. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and Tax Legislation.

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

	1 January - 31 December 2015	1 January - 31 December 2014
Current year tax (expense)	(2,009,121)	(2,053,681)
Deferred tax income/(expense)	156,370	9,415
Total tax expense (-)	**(1,852,751)**	**(2,044,266)**

As of 31 December 2015 and 2014 tax liabilities of the Group are as follows;

	1 January - 31 December 2015	1 January - 31 December 2014
Corporate tax payable	(2,009,121)	2,053,681
Prepaid taxes (-)	2,339,520	(1,593,589)
Current tax assets/(liabilities)	**330,399**	**460,092**

Expected income tax reconciliation using the Company's statutory tax rate:

	1 January - 31 December 2015	1 January - 31 December 2014
Profit before tax	**15,669,541**	**3,308,616**
Theoretical income tax at the applicable tax rate of 20% (-)	(3,133,908)	(661,724)
Expenses non-deductible for tax purposes (-)	(102,721)	(107,948)
The impact of financial losses for which no deferred tax is created	1,383,878	111,509
Current year tax expense (-)	**(1,852,751)**	**(658,164)**

Deferred income tax assets and liabilities

	31 December 2015	31 December 2014
Deferred income tax assets	250,707	202,205
Deferred income tax (liabilities)	(328,311)	(422,302)
Net deferred income tax (liabilities)	**(77,604)**	**(220,097)**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the related deferred income tax assets and liabilities calculated using the enacted tax rates, are as follows:

	31 December 2015		31 December 2014	
	Temporary differences	Deferred tax assets / (liabilities)	Temporary differences	Deferred tax assets / (liabilities)
Provision for employment termination benefit	545,814	109,163	790,714	158,143
Provision for personnel premium/bonus	475,000	95,000	-	-
Provision for unused vacation	197,050	39,410	235,951	47,190
Other	35,670	7,134	43,445	8,689
Deferred income tax assets		250,707		**205,333**
Tangible and intangible fixed assets	(1,512,955)	(302,591)	(1,489,241)	(297,849)
Financial investments	(128,601)	(25,720)	(637,907)	(127,581)
Deferred income tax (liabilities)		**(328,311)**		**(425,430)**
Deferred income tax (liabilities), net		**(77,604)**		**(220,097)**

NOTE 21 - EARNINGS PER SHARE

Earnings per share:

	31 December 2015	31 December 2014
Net income for the period (Equity holders of the parent)	13,788,531	7,168,616
Number of outstanding shares	1,500,000,000	1,500,000,000
Earnings per share (TL)	**0.0092**	**0.0048**

NOTE 22 - RELATED PARTY DISCLOSURES

Benefits provided to top management

	31 December 2015	31 December 2014
Benefits provided to top management	3,633,639	1,603,211
	3,633,639	**1,603,211**

Trade receivables from related parties

	31 December 2015	31 December 2014
Can Tacir	219,523	159,945
Total	**219,523**	**159,945**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Payables to related parties

	31 December 2015	31 December 2014
Tacirler Holding A.Ş.	990,534	-
Hamdi Tacir	807,692	384
Mehmet Tacir	807,500	10,749
Alaettin Tacir	772,919	73
Murat Tacir	34,571	798
Halit Tacir	34,198	396
Atilla Tacir	34,000	-
Ahmet Tacir	34,000	-
İsmet Yazıcı	34,000	-
Solmaz Tacir	384	-
Ali Tacir	334	-
Mustafa Tacir	259	259
Ayten Begümhan Tacir	201	91
Melissa Tacir	179	-
Billur Tacir	139	-
Tacirler Umumi Depor ve Tic, A.Ş.	136	-
Emir Tacir	111	-
Taç Tacir - Alaettin Tacir	-	7,676
Lal Tacir	-	464
Serkan Tacir	-	86
Kerim Tacir	-	77
Fetanet Tacir	-	45
Can Tacir	-	7,324
Total	**3,551,157**	**28,422**

Other receivables from related parties

	31 December 2015	31 December 2014
Receivables from personnel	7,157	11,371
Total	**7,157**	**11,371**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Equity brokerage transactions

	31 December 2015		31 December 2014	
	Transaction Volume	Commission Amount	Transaction Volume	Commission Amount
Atilla Tacir	286,011,712	21,737	-	-
Funda Tacir	156,046,383	29,723	88,834,816	16,921
Can Tacir	116,961,895	10,815	5,844,700	557
Mehmet-Alaattin-Hamdi Tacir Ortak Hs,	62,970,236	5,679	51,445,858	4,900
Alaettin Tacir	24,066,450	1,924	61,676,904	4,944
Halit Tacir	362,454	35	2,096,292	200
Mustafa İleri	278,564	56	-	
Tacirler Umumi Depo ve Tic, A,Ş,	226,218	452	745,199	746
İsmet Yazıcı	53,250	19	-	-
Ali Tacir	296	-	7,215	1
Mehmet Tacir	-	-	225,250	21
Murat Tacir	-	-	95,367	9
Tacirler Holding A,Ş,	-	-	81,393	41
Sevim Aslı Tacir	-	-	42,480	4
Emir Tacir	-	-	31,290	3
Billur Tacir	-	-	31,325	3
Lal Tacir	-	-	10,600	1
Kerim Tacir	-	-	5,964	2
Total	**646,977,458**	**70,440**	**211,174,653**	**28,353**

Repo transactions

	31 December 2015		31 December 2014	
	Total Repo Amount	Net int. Income	Total Repo Amount	Net int. Income
Funda Tacir	207,884,302	39,595	385,255,651	73,371
Mehmet-Alaattin-Hamdi Tacir Ortak Hs,	102,989,096	19,085	73,596,398	13,255
Hamdi Tacir	33,814,322	6,366	-	-
Atilla Tacir	29,745,500	5,438	2,417,271	398
Tacirler Holding A,Ş,	20,684,704	4,002	-	-
İsmet Yazıcı	15,186,145	2,847	-	-
Tacirler Umumi Depo ve Tic, A,Ş,	12,116,803	2,257	13,909,746	2,287
Halit Tacir	6,582,218	1,198	2,755,845	393
Ahmet Tacir	4,880,456	917	-	-
Mehmet Tacir	3,762,511	791	-	-
Alaettin Tacir	2,400,642	470	522,191	82
Mustafa İleri	1,320,965	222	-	-
Serkan Tacir	1,067,137	198	-	-
Taç-Alaattin Tacir Ortak Hs,	750,778	141	-	-
Can Tacir	629,531	82	2,914,621	468
Solmaz Tacir	348,167	108	-	-
Murat Tacir	282,231	96	3,865,642	603
Emir Tacir	206,455	40	-	-
Melissa Tacir	85,991	23	-	-
Billur Tacir	48,127	19	-	-
Lal Tacir	37,209	8	-	-
Tacirler Eğitim ve Sosyal Yard, Vakfı	-	-	7,809,111	1,490
Sevim Aslı Tacir	-	-	90,028	21
	444,823,290	**83,903**	**493,136,504**	**92,368**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Loan transactions

	31 December 2015		31 December 2014	
	Default Interest	**Loan Interest**	**Default Interest**	**Loan Interest**
Atilla Tacir	614	36,217	51	-
Tacirler Portföy Yönetimi A.Ş.	241	-	-	-
Can Tacir	182	30,883	31	6,254
Mehmet-Alaattin-Hamdi Tacir Ortak Hs.	-	-	399	-
Halit Tacir	-	-	114	-
Mehmet Tacir	-	-	33	-
Murat Tacir	-	-	20	624
Alaattin Tacir	-	-	2	-
Mustafa İleri	-	-	-	-
	1,037	**67,162**	**650**	**6,878**

Investment funds transactions

1 Jan. - 31 Dec. 2015	Common Stock Fund	Variable Fund	Short term Debt Instrument Fund	Hedge Fund	Private Sector Debt Instrument Fund	Total
Management fee	69,527	48,871	120,076	15,249	4,016	257,739
Brokerage commission	10,615	4,657	31,943	2,260	320	49,795
	80,142	**53,528**	**152,019**	**17,509**	**4,336**	**307,534**

1 Jan. - 31 Dec. 2014	Mixed Fund	Variable Fund	Liquid Fund	Merchants Capital Hedge Fund	Short term Debt Instrument Fund	Toplam
Management fee	157,804	17,890	132,189	4,177	-	312,060
Brokerage commission	11,483	908	39,942	15	-	52,348
	169,287	**18,798**	**172,131**	**4,192**	**-**	**364,408**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a. Information on credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment. The table below presents the maturity timeout and collateral structure of the company's receivables, cash and cash equivalents and other non-derivative financial assets:

	Trade Receivables		**Other Receivables**		**Bank**	**Other**
31 December 2015	**Related Parties**	**Other Parties**	**Related Parties**	**Other Parties**	**Deposits**	
Maximum credit risk exposure (A+B+C+D)	**219,523**	**51,135,096**	**7,157**	**7,078,448**	**35,964,784**	**67,643,053**
- Maximum credit risk exposure secured with guarantees etc	-	-	-	-	-	-
A. Net book value of financial assets either not due or not impaired	219,523	51,135,096	7,157	7,078,448	35,964,784	67,643,053
B. Net book value of assets past due but not impaired	-	-	-	-	-	-
C. Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	685,748	-	-	-	-
- Impairment amount (-)	-	*(685,748)*	-	-	-	-
- Net value secured by guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Net value secured by guarantees etc	-	-	-	-	-	-
D. Off-balance items exposed to credit risk	-	-	-	-	-	-

	Trade Receivables		**Other Receivables**		**Bank**	**Other**
31 December 2014	**Related Parties**	**Other Parties**	**Related Parties**	**Other Parties**	**Deposits**	
Maximum credit risk exposure (A+B+C+D)	**159,945**	**62,893,361**	**11,371**	**5,683,461**	**46,784,279**	**38,212,363**
- Maximum credit risk exposure secured with guarantees etc	-	-	-	-	-	-
A. Net book value of financial assets either not due or not impaired	159,945	62,893,361	11,371	5,683,461	46,784,279	38,212,363
B. Net book value of assets past due but not impaired	-	-	-	-	-	-
C. Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	232,369	-	-	-	-
- Impairment amount (-)	-	*(232,369)*	-	-	-	-
- Net value secured by guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Net value secured by guarantees etc	-	-	-	-	-	-
D. Off-balance items exposed to credit risk	-	-	-	-	-	-

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b. Information on market risk

Interest rate risk

Changes in market interest rates which lead to price fluctuations in financial instruments of the Company require the management of the interest rate risk. The Company's sensitivity to interest rate risk relates to the mismatch in maturities of assets and liabilities. This risk is managed by counterbalancing the interest sensitive assets with same type of liabilities.

Held-to-maturity financial assets with fixed interest rates are exposed to investment rate risk, if the cash from reimbursement of mentioned financial assets is directed into investment again.

Table below presents the interest rate sensitive financial instruments in the Company's assets and liabilities at 31 December 2015 and 2014:

The interest rate position table

Fixed rate financial instruments	**31 December 2015**	**31 December 2014**
Financial assets	33,654,796	6,590,416
Financial liabilities	20,962,716	36,602,541

Tables below present the distribution of Company's assets and liabilities as of 31 December 2015 and 2014 according to days to maturity after repricing.

	31 December 2015					
	Up to 1 month	**Up to 3 month**	**3 - 12 months**	**1 - 5 years**	**Non interest bearing**	**Total**
Cash and cash equivalents	53,468,137	-	-	-	16,670,963	70,139,100
Financial assets	2,940,021	8,887,979	21,826,796	-	33,988,257	67,643,053
Trade receivables	51,354,619	-	-	-	-	51,354,619
Other receivables	340,324	-	6,745,281	897,203	-	7,982,808
Other current assets and prepaid expenses	303,556	-	497,375	133,594	-	934,525
Property and equipment	-	-	-	-	21,658,566	21,658,566
Intangible assets	-	-	-	-	1,652,426	1,652,426
Current tax assets	330,399	-	-	-	-	330,399
Total	**108,737,056**	**8,887,979**	**29,069,452**	**1,030,797**	**73,970,212**	**221,695,496**
Financial liabilities	4,636,019	1,182,040	3,152,107	4,728,161	7,264,389	20,962,716
Trade payables	50,233,209	-	-	-	-	50,233,209
Other liabilities	1,373,959	-	-	-	-	1,373,957
Short term provisions	-	-	1,379,939	-	-	1,379,939
Other current liabilities	130,717	-	-	-	-	130,717
Unearned revenue	298,795	896,384	2,390,358	3,585,537	6,639,883	13,810,957
Deferred tax liabilities	-	-	-	-	77,604	77,604
Provision for employee termination benefits	-	-	-	-	545,814	545,814
Total	**56,672,699**	**2,078,424**	**6,922,404**	**8,313,698**	**14,527,690**	**88,514,915**
Net liquidity excess/(deficit)	**52,064,357**	**6,809,555**	**22,147,048**	**(7,282,901)**	**59,442,522**	**133,180,581**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2014					
	Up to 1 month	**Up to 3 month**	**3 - 12 months**	**1 - 5 years**	**Non interest bearing**	**Total**
Nakit ve nakit benzeri değerler	52,407,206	807,386	-	-	15,371,010	68,585,602
Finansal yatırımlar	824,632	-	9,533,130	27,854,601	-	38,212,363
Ticari alacaklar	63,053,306	-	-	-	-	63,053,306
Diğer alacaklar	210,875	-	5,382,605	680,332	-	6,273,812
Diğer dönen varlıklar ve peşin ödenmiş giderler	23,704	-	166,376	882,520	-	1,072,600
Cari dönem vergisi ile ilgili varlıklar	101,352	-	-	-	-	101,352
Maddi duran varlıklar	-	-	-	-	14,000,725	14,000,725
Maddi olmayan duran varlıklar	-	-	-	-	496,832	496,832
	116,621,075	**807,386**	**15,082,111**	**29,417,453**	**29,868,567**	**191,796,592**
Finansal Borçlar	30,828,025	350,574	1,577,584	3,846,358	-	36,602,541
Ticari borçlar	24,947,557	-	-	-	-	24,947,557
Diğer borçlar	712,553	-	-	-	-	712,553
Dönem karı vergi yükümlülüğü	460,092	-	-	-	-	460,092
Kısa vadeli karşılıklar	-	-	1,666,626	-	-	1,666,626
Diğer kısa vadeli yükümlülükler	63,206	-	-	-	-	63,206
Uzun vadeli karşılıklar	-	-	-	-	790,714	790,714
Ertelenmiş vergi yükümlülüğü	-	-	-	-	220,097	220,097
	57,011,433	**350,574**	**3,244,210**	**3,846,358**	**1,010,811**	**65,463,386**
	59,609,642	**456,812**	**11,837,901**	**25,571,095**	**28,857,756**	**126,333,206**

Foreign Currency Risk

As at 31 December 2015 and 2014, foreign currency denominated assets and liabilities are shown in the table below.

	31 December 2015				31 December 2014			
	TL Amount	**USD**	**EUR**	**GBP**	**TL Amount**	**USD**	**EUR**	**GBP**
Bank deposits	13,402,957	13,402,957	-	-	15,358,109	15,358,109	-	-
Deposits given	112,214	81,922	30,292	-	52,744	28,875	23,869	-
Total assets	**13,515,171**	**13,484,879**	**30,292**	**-**	**15,410,853**	**15,386,984**	**23,869**	**-**
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net foreign currency assets / (liabilities)	**13,484,879**	**4,637,804**	**9,533**	**-**	**15,410,853**	**6,635,467**	**8,462**	**-**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The foreign currency rates used for TL conversation of foreign currency denominated assets and liabilities are as follows:

	31 December 2015	31 December 2014
USD Dollars	2.9076	2.3189
Euro	3.1776	2.8207

The table below shows the Company's sensitivity against the 10% change in the USD and EURO rates. The amounts below represent the effect on current income and shareholders' equity in the case of a 10% increase/decrease in USD and Euro against TL. This analysis assumes that all other factors, especially the interest rates, held constant.

	31 December 2015			
	Gain / Loss		Shareholders' Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
In case of 10% change in the value of USD against TL				
1 - USD net assets / liabilities	1,348,488	(1,348,488)	1,348,488	(1,348,488)
2 - USD currency hedging (-)	-	-	-	-
3- USD net effect (1+2)	**1,348,488**	**(1,348,488)**	**1,348,488**	**(1,348,488)**
In case of 10% change in the value of Euro against TL				
1 - Euro net assets / liabilities	3,029	(3,029)	3,029	(3,029)
2 - Euro currency hedging (-)	-	-	-	-
3- Euro net effect (1 +2)	**3,029**	**(3,029)**	**3,029**	**(3,029)**
TOTAL (3)	**1,800,154**	**(1,800,154)**	**1,800,154**	**(1,800,154)**

	31 December 2014			
	Gain / Loss		Shareholders' Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
In case of 10% change in the value of USD against TL				
1 - USD net assets / liabilities	1,541,085	(1,541,085)	1,541,085	1,541,085
2 - USD currency hedging (-)	-	-	-	-
3- USD net effect (1+2)	**1,541,085**	**(1,541,085)**	**1,541,085**	**1,541,085**
TOTAL (3)	**1,541,085**	**(1,541,085)**	**1,541,085**	**1,541,085**

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Information on liquidity risk

Liquidity risk is the inability of the Company to match the net funding requirements, and defined as the risk of loss which may occur when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to the shallow market structure or barriers and break-ups at the markets. 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 Company has no derivative financial liabilities. The following table presents the cash flow payable by the Company under other financial liabilities according to their remaining contractual maturities. The amounts described in the maturity analysis below are the contractual undiscounted cash flows. Interest to be paid on mentioned liabilities have been included in the table below;

	31 December 2015				
	Carrying Value	**Up to 1 month**	**1 - 12 months**	**1 - 5 years**	**Total contractual cash outflows**
Financial lease obligations	16,720,711	391,931	4,311,238	15,287,122	19,990,291
Borrowings	4,242,005	4,242,005	-	-	4,242,005
	20,962,716	**4,633,936**	**4,311,238**	**15,287,122**	**24,232,296**

	31 December 2014				
	Carrying value	**Up to 1 month**	**1 - 12 months**	**1 - 5 years**	**Total contractual cash outflows**
Financial lease obligations	5,473,138	245,402	2,944,822	2,944,821	6,135,045
Borrowings	30,131,043	30,131,043	-	-	30,131,043
	35,604,181	**30,376,445**	**2,944,822**	**2,944,821**	**36,339,304**

The table above contains only the contractual non-derivative financial liabilities.

NOTE 24 - FINANCIAL INSTRUMENTS

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 realise in a current market exchange.

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

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:

i. Financial assets:

The Group assumes that fair values of financial assets, including cash and cash equivalents and other financial assets carried at cost, are close to their carrying values because of their short term maturity.

The determination of the fair values of government debt securities are based on market prices.

ii. Financial liabilities:

The fair value of monetary liabilities is considered to approximate their respective carrying values because of their short term maturity.

The fair values of financial asset and liabilities have been determined as follows:

- First level: Financial assets and liabilities are valued at the stock exchange price in an active market for exactly the same assets and liabilities.

- Second level: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the stock market price of the relevant asset or liability mentioned in Level 1.

- Third level: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

Fair value level of financial instruments showed on their fair value in the balance sheet of the Company as follows:

31 December 2015	**Level 1**	**Level 2**	**Level 3**
Government bonds and treasury bills	30,706,918	-	-
Investment funds	5,267,743	-	-
Private sector bonds	2,411,904	-	-
Common stocks	387,914	-	28,332,600
	38,774,479	**-**	**28,332,600**

31 December 2014	**Level 1**	**Level 2**	**Level 3**
Government bonds and treasury bills	4,552,208	-	-
Investment funds	4,267,883	-	-
Common stocks	3,678,802	-	27,245,100
Private sector bonds	2,038,208	-	-
	14,537,101	**-**	**23,675,262**

NOTE 25 - OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES, REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS

a. Capital management and capital adequacy requirements

In capital management, the Company aims to increase the profit by compensating the balance of liabilities and shareholders' equity in the most effective way. The Company's financing source is significantly derived from the shareholder's equity.

The Company describes and manages its capital in accordance with the Communiqué of Principles regarding Capital and Capital Adequacy of the Brokerage Companies, Serial: V No 34. In accordance with the said Communiqué, capital of the brokerage companies are the amounts representing the part of the net assets which is covered by the partnership, according to the financial statements prepared as of the valuation date. The initial capital amount that is required for intermediary activity licence is TL 852,000 for the period ending 31 December 2015 (31 December 2014: TL 845,000). Furthermore, brokerage companies are required to increase their capital at the rates stated below for each type of capital market activity they conduct.

a) 50% of the initial capital is required for public offering intermediary activities,
b) 50% of the initial capital is required for marketable security repurchase and resale activities,
c) 40% of the initial capital is required for portfolio management activities,
d) 10% of the initial capital is required for investment consultancy activities,
e) The required capital amount in order to perform leverage transactions is ten times of shareholder's equity required for market-making activities.

In accordance with the Article 4 of Communiqué Serial: V No 34, the capital adequacy bases of the brokerage companies represent the amounts calculated by deducting the net amounts of the tangible and intangible assets, financial assets net of the impairment provisions and capital commitments, and other assets excluding those listed in stock exchanges and other organised markets, unsecured receivables from the staff, shareholders, investments in associates, subsidiaries and people or entities directly or indirectly related to the firm in respect of capital, management and audit, even if they bear client status, and amounts of capital market instruments issued by these people and entities which are not listed in stock exchanges and other organised markets from the shareholders' equity.

In accordance with article 8 of Communiqué Serial: V No: 34 the Capital adequacy bases of brokerage companies cannot be lower than any of the following; minimum capital requirement according to the market activity they conduct as explained above, risk amount calculated in accordance with the stated Communiqué and operating expenses of the three months prior to the valuation date.

As of 31 December 2015 and the Company has met the relevant requirements of capital adequacy (31 December 2014: Met).

(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 25 - OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES, REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS (Continued)

b. Information on fund management activities

The Group manages 5 mutual funds which were established in accordance with CMB regulations (31 December 2014: 4). The fund management fee income from funds for the interim period ended on 31 December 2015 is TL 257,739 (31 December 2014: TL 306,060).

Daily fund management commission rates and the total value of the fund as follows:

	31 December 2015		31 December 2014	
Fund title	**Management fee rates (%)**	**Net asset value**	**Management fee rates (%)**	**Net asset value**
Tacirler Portföy Özel Sektör Borçlanma Araçları Fonu	0.003	9,584,279	-	-
Tacirler Portföy Kısa Vadeli Borçlanma Araçları Fonu (Formerly named as Tacirler Menkul Değerler A.Ş. B Tipi Likit Fonu)	0.005	8,039,062	0.003	15,567,163
Tacirler Portföy Serbest Fon (Formerly named as Tacirler Yatırım Menkul Değerler A.Ş. Merchants Capital Serbest Yatırım Fonu)	0.003	3,883,361	0.005	270,910
Tacirler Portföy Değişken Fon (Formerly named as Tecirler Menkul Değerler A.Ş. A Tipi Değişken Fonu)	0.008	2,365,056	0.008	603,495
Tacirler Portföy Hisse Senedi Fonu (Formerly named as Tacirler Menkul Değerler A.Ş. A Tipi Karma Fonu)	0.008	1,793,310	0.008	5,707,090
Total investment funds managed		**25,665,068**		**22,148,658**

NOTE 26 - EVENTS AFTER THE BALANCE SHEET DATE

None.

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