

EKSPO FAKTORING A.Ş.

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2014
AND INDEPENDENT AUDITOR'S REPORT**

Table of Contents

Independent Auditors' Report
Statement of Financial Position
Statement of Comprehensive Income
Statement of Changes in Equity
Statement of Cash Flows
Notes to the Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ekspo Faktoring A.Ş.

We have audited the accompanying financial statements of Ekspo Faktoring A.Ş., which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 audit also includes 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 financial statements.

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

Deloitte

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ekspo Faktoring A.Ş. as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

DRT BAĞIMSIZ DENETİM VE SMMM AŞ

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

İstanbul, 16 February 2015

Ekspo Faktoring Anonim Şirketi

Statement of Financial Position

As at 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

	<i>Notes</i>	31 December 2014	31 December 2013
Assets			
Cash and cash equivalents	10	163	327
Derivative financial assets	4.21	604	383
Factoring receivables	11	276,087	289,514
Other assets	12	796	657
Assets held for sale	13	-	487
Investment properties	14	1,141	1,166
Tangible assets	15	1,942	1,167
Intangible assets	16	47	14
Deferred tax assets	9	1,465	883
Total assets		282,245	294,598
Liabilities			
Loans and borrowings	17	188,216	153,891
Debt securities issued	18	-	52,654
Derivative financial liabilities	4.21	322	372
Factoring payables	19	1,249	2,671
Other liabilities	20	1,548	1,836
Income taxes payable	9	460	719
Reserve for employee severance payments and unused vacation pay liability	22	594	388
Total liabilities		192,389	212,531
Equity			
Share capital	23	60,000	50,000
Adjustment to share capital	23	279	279
Legal reserves	23	10,361	9,978
Retained earnings		19,216	21,810
Total shareholders' equity		89,856	82,067
Total shareholders' equity and liabilities		282,245	294,598
Commitments and contingencies	25		

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

Ekspo Faktoring Anonim Şirketi
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2014
(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

	<i>Notes</i>	<i>1 January- 31 December 2014</i>	<i>1 January- 31 December 2013</i>
Factoring interest income		41,371	30,170
Factoring commission income, net		1,721	2,518
Income from factoring operations		43,092	32,688
Interest expense on bank borrowings		(17,139)	(7,635)
Interest expense on debt securities issued		(3,994)	(5,475)
Derivative trading losses, net		81	16
Foreign exchange gains (losses), net	5	1,316	360
Interest income other than on factoring interest income		2	-
Interest, commission and foreign exchange income, net		23,358	19,954
Personnel expenses	7	(7,245)	(6,377)
Administrative expenses	8	(2,345)	(2,154)
Provision for impaired factoring receivables, net	11	(1,586)	(2,474)
Depreciation and amortisation expenses	14,15,16	(268)	(199)
Other income	6	356	785
Profit before income taxes		12,270	9,535
Income tax expense	9	(2,481)	(1,673)
Profit for the year		9,789	7,862
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		9,789	7,862

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

Ekspo Faktoring Anonim Şirketi
Statement of Changes in Equity
For the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	Share Capital	Adjustment to Share Capital	Legal Reserves	Retained Earnings	Total Equity
Balances at 1 January 2013		50,000	279	9,174	16,752	76,205
Total comprehensive income for the year						
Profit for the year		-	-	-	7,862	7,862
Total comprehensive income for the year					7,862	7,862
Transfer to legal reserves		-	-	804	(804)	-
Dividend paid		-	-	-	(2,000)	(2,000)
Total		-	-	804	(2,804)	(2,000)
Balances at 31 December 2013	23	50,000	279	9,978	21,810	82,067
Balances at 1 January 2014		50,000	279	9,978	21,810	82,067
Total comprehensive income for the year						
Profit for the year		-	-	-	9,789	9,789
Total comprehensive income for the year					9,789	9,789
Transfer to capital		10,000	-	-	(10,000)	-
Transfer to legal reserves		-	-	383	(383)	-
Dividend paid		-	-	-	(2,000)	(2,000)
Total		10,000	-	383	(12,383)	(2,000)
Balances at 31 December 2014	23	60,000	279	10,361	19,216	89,856

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

Ekspo Faktoring Anonim Şirketi
Statement of Cash Flows
For the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

	<i>Notes</i>	<i>1 January- 31 December 2014</i>	<i>1 January- 31 December 2013</i>
Cash Flows From Operating Activities:			
Profit for the year		9,789	7,862
<i>Adjustments for:</i>			
Depreciation and amortisation expense	14, 15, 16	268	199
Provision for employee severance payments	22	186	88
Other expense (income) accruals		(2,437)	(3,554)
Provision for deferred and income taxes	9	2,481	1,673
Interest income		(41,371)	(30,171)
Interest expenses		21,133	13,108
Provision for impaired factoring receivables	11	1,586	2,474
Changes in fair value of derivative financial instruments	21	(293)	(16)
		(8,658)	(8,337)
Changes in factoring receivables and payables		12,730	(55,501)
Changes in other assets		162	(390)
Changes in other liabilities		(1,403)	2,794
Employee severance paid	22	(80)	(55)
Taxes paid	9	(3,322)	(2,176)
Interest paid		(23,787)	(12,674)
Interest received		41,371	30,171
Proceeds from recoveries of impaired factoring receivables	11	349	612
Net cash provided by / (used in) operating activities		17,362	(45,556)
Cash Flows From Investing Activities:			
Acquisition of property and equipment	15	(1,013)	(16)
Disposal of property and equipment		9	-
Acquisition of intangible assets	16	(48)	-
Disposal of intangible assets		1	-
Net cash used in investing activities		(1,051)	(16)
Cash Flows From Financing Activities:			
Changes in loans and borrowings		35,524	47,777
Debt securities issued		(50,000)	-
Dividends paid		(2,000)	(2,000)
Net cash (used in) / provided from financing activities		(16,476)	45,777
Effect of changes in foreign exchange rate on cash and cash equivalents		1	-
Net increase / (decrease) in cash and cash equivalents		(164)	205
Cash and cash equivalents at 1 January		327	122
Cash and cash equivalents at 31 December	10	163	327

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

Ekspo Faktoring Anonim Şirketi

*Notes to the Financial Statements
as at and for the Year Ended 31 December 2014*

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

CONTENTS

BALANCE SHEET

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CASH FLOWS

NOTES TO THE FINANCIAL STATEMENTS

- NOTE 1 Reporting entity
- NOTE 2 Basis of preparation of financial statements
- NOTE 3 Significant accounting policies
- NOTE 4 Determination of fair values
- NOTE 5 Interest income other than factoring operations
- NOTE 6 Other income
- NOTE 7 Personnel expenses
- NOTE 8 Administrative expenses
- NOTE 9 Taxation
- NOTE 10 Cash and cash equivalents
- NOTE 11 Factoring receivables
- NOTE 12 Other assets
- NOTE 13 Assets held for sale
- NOTE 14 Investment property
- NOTE 15 Tangible assets
- NOTE 16 Intangible assets
- NOTE 17 Loans and borrowings
- NOTE 18 Debt securities issued
- NOTE 19 Factoring payables
- NOTE 20 Other liabilities
- NOTE 21 Derivative financial assets and liabilities
- NOTE 22 Provision for employee severance indemnity
- NOTE 23 Capital and reserves
- NOTE 24 Risk management disclosures
- NOTE 25 Commitments and contingencies
- NOTE 26 Related party disclosures
- NOTE 27 Events after the reporting period

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

1 Reporting entity

Ekspo Faktoring Anonim Şirketi ("the Company") was incorporated in Turkey to provide factoring services to industrial and commercial firms and registered to Turkish Trade Registry Gazette on 2 June 2000.

The Company operates in both domestic and international markets and factors it's without recourse type transactions via its correspondent factoring companies abroad. The Company provides domestic, import and export factoring services to industrial and commercial enterprises in Turkey.

The Company also applies the requirements of the Communiqué on the "Principles and Procedures of Receivables Allowances to be Provided by Finance Leasing, Factoring and Financing Companies"; which is prepared based on the Communiqué on "The Application of Uniform Charts of Accounts and its Guides Book in Connection to the Establishment and Main Activities of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette No: 28267 on 24 April 2013; published in the Official Gazette No: 26588 on 20 July 2007.

The Company operates mainly factoring transactions in one geographical area (Turkey).

The Company's head office is located at Ayazağa Mahallesi Meydan Sokak Büyükdere Asfaltı Mevkii Spring Giz Plaza B Blok Maslak-İstanbul/Türkiye.

2 Basis of preparation of financial statements

(a) Statement of compliance

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board.

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Accounting Standards as promulgated by the Banking Regulation and Supervision Agency ("BRSA") and also the Turkish Commercial Code.

(b) Basis of measurement

The financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. They are prepared on the historical cost basis, except for derivatives which are measured at fair value, adjusted for the effects of inflation during the hyperinflationary period lasted by 31 December 2005.

(c) Functional and presentation currency

The financial statements are presented in TL, which is the Company's functional currency. All financial information presented in thousand TL is rounded to the nearest digit.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

2 Basis of preparation (Continued)

(d) Use of estimates and judgements (Continued)

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 4 Determination of fair values
- Note 9 Taxation
- Note 11 Factoring receivables, provision for impairment of doubtful receivables
- Note 14 Investment property
- Note 15 Tangible assets
- Note 16 Intangible assets

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Accounting in hyperinflationary economies

International Accounting Standard ("IAS") 29, which deals with the effects of inflation in the financial statements, requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of the measuring unit current at the reporting date and the corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three year inflation rate approaching or exceeding 100%.

The cumulative three-year inflation rate in Turkey has been 35.61% at 31 December 2005, based on the Turkish nation-wide wholesale price indices announced by Turkish Statistical Institute. This, together with the sustained positive trend in the quantitative factors such as financial and economical stabilisation, decrease in the interest rates and the appreciation of TL against the US Dollars ("USD"), have been taken into consideration to categorize Turkey as a non-hyperinflationary economy under IAS 29 effective from 1 January 2006. Therefore, IAS 29 has not been applied to the financial statements of the Company as at and for the year ended 31 December 2006 and thereafter.

(b) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to TL at the exchange rates ruling at reporting date with the resulting exchange differences recognized in the profit or loss as foreign exchange gain or loss. Gains and losses arising from foreign currency transactions are reflected in the comprehensive profit or loss as realized during the course of the year.

Foreign exchange rates used by the Company as at 31 December are as follows:

	<u>2014</u>	<u>2013</u>
USD	2.3189	2.1343
EURO	2.8207	2.9365
GBP	3.5961	3.5114
CHF	2.3397	2.3899

Ekspo Faktoring Anonim Şirketi

*Notes to the Financial Statements
as at and for the Year Ended 31 December 2014*

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(c) Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise factoring receivables, other assets, cash and cash equivalents, bank borrowings, debt securities, factoring payables and other liabilities.

A financial instrument is recognized if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, time and demand deposits at banks having original maturity less than 3 months and readily to be used by the Company or not blocked for any other purpose.

Time deposits are measured at amortised cost using the effective interest method, less any impairment losses.

Accounting for financial income and expense is discussed in note 3(m).

Factoring receivables

Factoring receivables are measured at amortised cost less specific allowances for uncollectibility and unearned interest income. Specific allowances are made against the carrying amount of factoring receivables and that are identified as being impaired based on regular reviews of outstanding balances to reduce factoring receivables to their recoverable amounts. When a factoring receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, receivable is written off immediately.

Borrowings and debt securities

Bank borrowings and debt securities are recognized initially at fair value, net of any transaction costs incurred. Subsequent to initial recognition, bank borrowings are stated at amortised cost with any difference between cost and redemption value being recognized in the statement of comprehensive income over the period of the borrowings.

Other

Other assets and liabilities are measured at cost due to their short term nature.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(c) Financial Instruments (Continued)

(ii) Derivative financial instruments

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in the profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Fair values are based on available quoted market prices and discounted cash flow model if needed. Fair value of unquoted foreign exchange contracts are presented by the rate of the first term of the contract compared by the rest of the relevant currency market interest rates calculated on the table, minus the maturity rate as determined by comparing the statement of financial position. If fair value of derivative financial instruments is positive, it is accounted as assets; if the fair value is negative, it is accounted as liabilities.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates, as estimated based on the available quoted market rates prevailing at the reporting date.

(iii) Share capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity.

Share capital increases pro-rata to existing shareholders is accounted for at par value as approved at the annual meeting of shareholders.

(d) Investment property

Investment property is accounted using the cost model, less accumulated depreciation, and impairment losses. Depreciation is recognized in the statement of comprehensive income on a straight-line basis over 50 years.

(e) Assets held for sale

Assets that are classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(f) Tangible assets

(i) Recognition and measurement

Items of tangible assets acquired before 1 January 2006 are measured at cost restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29 less accumulated depreciation and impairment losses, if any. Tangible assets acquired after 31 December 2005 are measured at cost, less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of tangible assets have different useful lives, they are accounted for as separate items (major components) of tangible assets.

Any gain and loss on disposal of an item of tangible assets (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised net in other income and other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of tangible assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of tangible assets are recognized in the statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Furniture and fixtures	5 years
Motor vehicles	5 years

Leasehold improvements are amortised over the periods of the respective leases on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Intangible assets

Intangible assets represent computer software licenses and rights. Intangible assets acquired before 1 January 2006 are measured at cost restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29, less accumulated amortisation, and impairment losses, if any. Intangible assets acquired after 31 December 2005 are measured at cost, less accumulated amortisation, and impairment losses, if any. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are 5 years.

Ekspo Faktoring Anonim Şirketi

*Notes to the Financial Statements
as at and for the Year Ended 31 December 2014*

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(h) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All financial assets are tested for impairment on an individual basis. Rest of financial assets are evaluated according to same properties of loan risk in group.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortised cost, the reversal is recognized in the profit or loss to the extent that the impairment loss in respect of a financial asset was not recognized in the previous year.

(ii) Non-financial assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment except deferred tax asset (accounting policy n). If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the statements of profit or loss and other comprehensive income.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(i) Employee benefits

(i) Reserve for employee severance payments

In accordance with the existing social legislation in Turkey, the Company is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognized in the accompanying financial statements as accrued in accordance with IAS 39. The reserve has been calculated by estimating the present value of the future obligation of the Company that may arise from the retirement of the employees through statistical methodology.

The assumptions used in the calculation are as follows:

	31 December 2014	31 December 2013
Net discount rate	2.08%	3.75%
Expected salary / limit increase	6.00%	6.21%

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Offsetting

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

(l) Related parties

The shareholders of the Company and other companies that are controlled by them or related with them and key management personnel of the Company are considered and referred to as the related parties.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(m) Revenue and cost recognition

(i) Factoring interest and commission income

Factoring interest and commission income are recognized in profit or loss on an accrual basis using the effective interest method. Commission income is a certain percentage of the total amount of invoices subject to spot factoring transactions.

(ii) Factoring commission expense

Factoring commission charges are recognised as expense in profit or loss on accrual basis.

(iii) Other income and expenses

Other income and expenses are recognized in profit or loss on the accrual basis.

(iv) Financial income / expenses

Financial income includes foreign exchange gains and interest income from time deposits calculated using the effective interest method.

Financial expenses include interest expense on borrowings and debt securities calculated using the effective interest method, foreign exchange losses and other financial expenses.

(n) Income tax

Taxes on income comprise current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities and assets are recognized when it is probable that the future economic benefits resulting from the reversal of taxable temporary differences will flow to or from the Company. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Currently enacted tax rates are used to determine deferred taxes on income.

Ekspo Faktoring Anonim Şirketi

*Notes to the Financial Statements
as at and for the Year Ended 31 December 2014*

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(o) Application of new and revised international financial reporting standards (IFRSs)

a) Amendments to IFRSs affecting amounts reported and/or disclosures in the financial statements

None.

b) New and Revised IFRSs applied with no material effect on the consolidated financial statements

Amendments to IFRS 10, 11, IAS 27	<i>Investment Entities¹</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities¹</i>
Amendments to IAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets¹</i>
Amendments to IAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting¹</i>
IFRIC 21	<i>Levies¹</i>

¹ Effective for annual periods beginning on or after 1 January 2014.

Amendments to IFRS 10, 11, IAS 27 *Investment Entities*

This amendment with the additional provisions of IFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

As a consequence of IFRS 13 *Fair Value Measurements*, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of IAS 36 has been changed.

Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

This amendment to IAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

IFRIC 21 *Levies*

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(o) Application of new and revised international financial reporting standards (IFRSs) (continued)

c) New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	<i>Financial Instruments</i> ⁵
Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Annual Improvements to 2010-2012 Cycle	<i>IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 38, IAS 24</i> ¹
Annual Improvements to 2011-2013 Cycle	<i>IFRS 1, IFRS 3, IFRS 13, IAS 40</i> ¹
IFRS 14	<i>Regulatory Deferral Accounts</i> ²
Amendments to IFRS 11	<i>Accounting for Acquisition of Interests in Joint operations</i> ²
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i> ²
IFRS 15	<i>Revenue from Contracts with Customers</i> ⁴
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i> ²
Amendments to IAS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Annual Improvements to 2012-2014 Cycle	<i>IFRS 5, IFRS 7, IAS 9, IAS 34</i> ³
Amendments to IAS 1	<i>Disclosure Initiative</i> ²
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> ²

¹ Effective for annual periods beginning on or after 1 July 2014.

² Effective for annual periods beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 July 2016.

⁴ Effective for annual periods beginning on or after 1 January 2017.

⁵ Effective for annual periods beginning on or after 1 January 2018.

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income (FVTOCI) measurement category for certain simple debt instruments.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Ekspo Faktoring Anonim Şirketi

*Notes to the Financial Statements
as at and for the Year Ended 31 December 2014*

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(o) Application of new and revised international financial reporting standards (IFRSs) (continued)

c) New and revised IFRSs in issue but not yet effective (continued)

Annual Improvements to 2010-2012 Cycle

IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'

IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 and IAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

IFRS 1: Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 3: Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

IAS 40: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

IFRS 14 *Regulatory Deferral Accounts*

IFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

IFRS 14 was issued by the IASB on 30 January 2014 and is applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(o) Application of new and revised international financial reporting standards (IFRSs) (continued)

c) New and revised IFRSs in issue but not yet effective (continued)

Amendments to IFRS 11 *Accounting for Acquisition of Interests in Joint operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*

This amendment include "bearer plants" within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of IAS 41.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when the entity satisfies a performance obligation.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(o) Application of new and revised international financial reporting standards (IFRSs) (continued)

c) New and revised IFRSs in issue but not yet effective (continued)

Amendments to IAS 27 Equity Method in Separate Financial Statements

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Annual Improvements 2012-2014 Cycle

IFRS 5: Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements

IAS 9: Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid

IAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

Amendments to IAS 1 Disclosure Initiative

This amendment addresses perceived impediments to preparers exercising their judgement in presenting their financial reports.

Amendments to IFRS 10, 11, IAS 28 Investment Entities: Applying the Consolidation Exception

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The Group evaluates the effects of these standards on the consolidated financial statements.

Ekspo Faktoring Anonim Şirketi

*Notes to the Financial Statements
as at and for the Year Ended 31 December 2014*

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

3 Significant accounting policies (Continued)

(p) Events after the reporting period

Events after the reporting period include all events up to the date when the financial statements are authorized for issue. In accordance with IAS 10, "Events After the Reporting Period", the Company adjusts the amounts recognized in its financial statements to reflect adjusting events after the reporting period. Non adjusting events are disclosed in the notes to the financial statements.

(q) Statement of cash flows

The Company prepares cash flow statements to inform the users of the financial statements about the changes in its net assets, its financial structure and its ability to affect the amount and timing of its cash flows with respect to changing external conditions.

In the statement of cash flows, cash flows of the period are reported with a classification based on operating, investing and financing activities. Cash flows from operating activities represent cash flows from activities within the scope of business. Cash flows relating to investment activities represent cash flows used and generated from investment activities (fixed investments and financial investments). Cash flows relating to financing activities represent the sources of financing the Company used and the repayments of these sources.

(r) Segment reporting of financial information

Since the Company does not have segments whose financial performances are reviewed by operating decision makers, no segment reporting information is provided in the notes.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

4 Determination of fair values

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2014	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	604	-	604
	-	604	-	604
Derivative financial liabilities	-	322	-	322
	-	322	-	322
31 December 2013	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	383	-	383
	-	383	-	383
Derivative financial liabilities	-	372	-	372
	-	372	-	372

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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.

The estimated fair values of financial instruments have been determined using available market information by the Company, and where it exists, appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. While management has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realised in the current circumstances. Management has estimated that the fair value of certain financial position instruments is not materially different than their recorded values due to their short nature. These statement of financial position instruments include cash and cash equivalents, factoring receivables, factoring payables, loans and borrowings, other assets and other liabilities. Fair value of debt securities is determined with reference to their quoted bid price at the reporting date.

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***4 Determination of fair values (Continued)**

As at 31 December, the carrying amounts and fair values of financial instruments are as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<i>Financial assets</i>				
Cash and cash equivalents	163	163	327	327
Factoring receivables	276,087	276,087	289,514	289,514
<i>Financial liabilities</i>				
Bank borrowings	188,216	188,216	153,891	153,891
Debt securities issued	-	-	52,654	52,654
Factoring payables	1,249	1,249	2,671	2,671
Other liabilities	1,548	1,548	1,836	1,836

5 Interest income other than factoring operations

As at and for the years ended 31 December, interest income other than factoring operations are as follows:

	<u>2014</u>	<u>2013</u>
Interest income on bank deposits	2	-
	-	-

6 Other income

For the year ended 31 December 2014, other income comprised of brokerage income amounting to TL 356 (2013: TL 785).

7 Personnel expenses

For the years ended 31 December, personnel expenses comprised the following:

	<u>2014</u>	<u>2013</u>
Salaries and wages	5,548	4,930
Social security premium employer's share	447	380
Bonus expenses	477	490
Insurance expenses	214	155
Provision for employee severance payments	186	88
Meal expenses	138	110
Transportation expenses	178	138
Unemployment security employer's share	42	36
Others	15	50
	<u>7,245</u>	<u>6,377</u>

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

8 Administrative expenses

For the years ended 31 December, administrative expenses comprised the following:

	<u>2014</u>	<u>2013</u>
Rent expenses	619	540
Audit and consultancy expenses	127	259
Legal expenses	170	271
IT related expenses	186	166
Vehicle expenses	185	144
Communication expenses	88	99
Taxes and duties other than on income	112	82
Accommodation expenses	46	77
Subscription fees	179	61
Travel expenses	111	61
Promotion expenses	2	56
Other	520	338
	<u>2,345</u>	<u>2,154</u>

9 Taxation

As at 31 December 2014, corporate income tax is levied at the rate of 20% (2013: 20%) on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. There is also a withholding tax levied at a certain rate on the dividends paid and is accrued only at the time of such payments. Some of the deduction rates included in the 15th and 30th articles of the Law no. 5520 on the Corporate Tax, was redefined according to the Cabinet Decision numbered 2006/10731, which was announced at Trade Registry Gazette of 23 July 2006-26237. In this context, withholding tax rate on dividend payments which are made to the companies except those which are settled in Turkey or generate income in Turkey via a business or a regular agent was increased to 15% from 10%.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within fourth months fifteen days following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time 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.

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***9 Taxation (Continued)**

The statement of profit or loss and comprehensive income for the years ended 31 December is different than the amounts computed by applying the statutory tax rate to profits before income taxes.

	<u>2014</u>		<u>2013</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Reported profit before income taxes	12,270		9,535	
Taxes on reported profit per statutory tax rate	(2,454)	(20)	(1,907)	(20)
<i>Permanent differences:</i>				
Non-taxable expenses	(34)		(25)	
Non-taxable income	-		259	
Income tax expense	(2,488)		(1,673)	

The income tax expense for the years ended 31 December comprised the following items:

	<u>2014</u>	<u>2013</u>
Current tax expense	3,063	1,864
Deferred tax expense	(582)	(191)
Income tax expense	2,481	1,673

In accordance with the related regulation for prepaid taxes on income, advance payments during the year are being deducted from the final tax liability computed over current year operations. Accordingly, the income tax expense is not equal to the final tax liability appearing on the statement of financial position.

The taxes payable on income at 31 December comprised the following:

	<u>2014</u>	<u>2013</u>
Taxes on income	3,063	1,863
Less: Corporation taxes paid in advance	(2,603)	(1,144)
Income taxes payable	460	719

For the years ended 31 December 2014 and 2013, movement of the Company's net deferred tax assets and liabilities is as follows:

	<u>2014</u>	<u>2013</u>
Opening balance	883	692
Deferred tax income recognized in profit or loss	582	191
Closing balance	1,465	883

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***9 Taxation (Continued)**

Deferred income tax is provided, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the initial recognition of assets and liabilities which effect neither accounting nor taxable profit.

As at 31 December, details of deferred tax assets and deferred tax liabilities calculated by the prevailing tax rate are as follows:

	Temporary differences		Deferred tax assets/(liabilities)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Unearned interest income	7,009	4,294	1,401	859
Reserve for employee severance payments	494	388	99	78
Reserve for employee permission payments	100	-	20	-
Allowance for impaired factoring receivables	74	107	15	21
Deferred tax assets	7,677	4,789	1,535	958
Derivative financial instruments	(91)	(11)	(18)	(3)
Tangible assets, and intangible assets	(261)	(361)	(52)	(72)
Deferred tax liabilities	(352)	(372)	(70)	(75)
Deferred tax assets / (liabilities), net			1,465	883

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts at 31 December, determined after appropriate offsetting, are shown in the statement of financial position.

	2014			2013		
	Gross	Offsetting	Net	Gross	Offsetting	Net
DTA	1,535	(70)	1,465	958	(75)	883
DTL	(70)	70	-	(75)	75	-
DTA, net	1,465	-	1,465	883	-	883

For the years ended 31 December 2014 and 2013, all movements in the deferred tax assets and liabilities have been recognised in profit or loss. As at 31 December 2014 and 2013, there are no unrecognised deferred tax assets and liabilities. Future profit projections and potential tax planning strategies have been taken into consideration during assessment of recoverability of deferred tax assets.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

10 Cash and cash equivalents

As at 31 December, cash and cash equivalents are as follows:

	<u>2014</u>	<u>2013</u>
Demand deposits at banks	163	327
Total cash and cash equivalents	163	327

As at 31 December 2014, there is not any blockage on bank deposits (31 December 2013: None).

11 Factoring receivables

At 31 December, factoring receivables comprised the following:

	<u>2014</u>	<u>2013</u>
Domestic factoring receivables	263,122	278,486
Export and import factoring receivables	19,873	15,322
Impaired factoring receivables	6,024	9,168
Factoring receivables, gross	289,019	302,976
Unearned factoring interest income	(7,009)	(4,294)
Allowance for impaired factoring receivables	(5,923)	(9,168)
Factoring receivables	276,087	289,514

The Company has obtained the following collaterals for its receivables at 31 December are as follows:

	<u>2014</u>	<u>2013</u>
Customer notes and cheques	125,991	183,520
Letters of guarantee	320	-
Suretyship	342,250	-
Total	468,561	183,520

Movements in the allowance for impaired factoring receivables during the years ended 31 December are as follows:

	<u>2014</u>	<u>2013</u>
Balance at the beginning of the year	9,168	6,694
Loans sold	(4,831)	-
Provision for the year	1,935	3,086
Recoveries during the year	(349)	(612)
Balance at the end of the year	5,923	9,168

As at 31 December, the ageing analysis of the impaired factoring receivables are as follows:

	<u>2014</u>	<u>2013</u>
Overdue 1 to 3 months	56	-
Overdue 3 to 6 months	1,744	2,033
Overdue 6 to 12 months	106	-
Overdue over 1 year	4,118	7,135
	6,024	9,168

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements
as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

12 Other assets

As at 31 December, other assets are as follows:

	<u>2014</u>	<u>2013</u>
Prepaid expenses	372	228
Others	424	429
	<u>796</u>	<u>657</u>

13 Assets held for sale

As at 31 December 2014, there is no assets classified as held for sale. (2013: TL 487).

14 Investment properties

Movement of investment properties and related accumulated depreciation during the year ended 31 December 2014 is as follows:

	<u>1 January</u> <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2014</u>
Cost				
Buildings	1,344	-	-	1,344
	<u>1 January</u> <u>2014</u>	<u>Current year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2014</u>
Less: Accumulated Depreciation				
Buildings	178	25	-	203
Net carrying value	<u>1,166</u>			<u>1,141</u>

Movement of investment properties and related accumulated depreciation during the year ended 31 December 2013 is as follows:

	<u>1 January</u> <u>2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
Cost				
Buildings	1,344	-	-	1,344
	<u>1 January</u> <u>2013</u>	<u>Current</u> <u>year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
Less: Accumulated Depreciation				
Buildings	152	26	-	178
Net carrying value	<u>1,192</u>			<u>1,166</u>

Investment properties include a flat owned by the Company which is property held either to earn rental income or for capital appreciation or for both. The investment properties are amortized with straight-line method over its estimated useful life of 50 years.

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***14 Investment properties (Continued)****Fair value measurement of the Company's investment properties**

The fair value of the investment property of the Company is determined by an independent real estate appraisal company as of 31 December 2014 and 2013. The appraisal company has the appropriate qualification and experience for the valuation of property. The expertise report was prepared in accordance with International Valuation Standards and by considering the market prices of the similar properties around the same locations with the related properties.

Details of the Company's investment properties and information about the fair value hierarchy as at 31 December are as follows:

	<u>Carrying value</u> 31 December 2014	<u>Fair value as at 31 December 2014</u>		
		Level 1	Level 3	Level 3
		TL	TL	TL
Commercial property	1,141	-	-	3,500

	<u>Carrying value</u> 31 December 2013	<u>Fair value as at 31 December 2013</u>		
		Level 1	Level 3	Level 3
		TL	TL	TL
Commercial property	1,166	-	-	2,000

15 Tangible Assets

Movement of tangible assets and related accumulated depreciation during the year ended 31 December 2014 is as follows:

	<u>1 January</u> 2014	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> 2014
Cost				
Motor vehicles	1,248	860	(110)	1,998
Furniture and fixtures	597	153	(218)	532
Leasehold improvements	345	-	-	345
Others (*)	831	-	-	831
Total cost	3,021	1,013	(328)	3,706

	<u>1 January</u> 2014	<u>Current year charge</u>	<u>Disposals</u>	<u>31 December</u> 2014
Less: Accumulated depreciation				
Motor vehicles	987	196	(109)	1,074
Furniture and fixtures	540	28	(210)	358
Leasehold improvements	327	5	-	332
Total accumulated depreciation	1,854	229	(319)	1,764
Net carrying value	1,167			1,942

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***15 Tangible assets (Continued)**

Movement of tangible assets and related accumulated depreciation during the year ended 31 December 2013 is as follows:

	<u>1 January</u> <u>2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
Cost				
Motor vehicles	1,248	-	-	1,248
Furniture and fixtures	581	16	-	597
Leasehold improvements	345	-	-	345
Others (*)	831	-	-	831
Total cost	3,005	16	-	3,021

	<u>1 January</u> <u>2013</u>	<u>Current year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
Less: Accumulated depreciation				
Motor vehicles	852	135	-	987
Furniture and fixtures	517	23	-	540
Leasehold improvements	322	5	-	327
Total accumulated depreciation	1,691	163	-	1,854
Net carrying value	1,314			1,167

(*) Others comprise paintings and other decorative items which are not depreciated.

As at 31 December 2014, total amount of insurance on tangible assets is TL 2,860 (31 December 2013: TL 2,453) and total amount of insurance premium on tangible assets is TL 25 (31 December 2013: TL 23). As at 31 December 2014 and 2013, there is no pledge on tangible assets.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements
as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

16 Intangible assets

Movement of intangible assets and related accumulated amortisation during the year ended 31 December 2014 is as follows:

	<u>1 January</u> <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2014</u>
Cost				
Rights	150	48	(5)	193
	<u>1 January</u> <u>2014</u>	<u>Current year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2014</u>
Less: Accumulated amortisation				
Rights	136	14	(4)	146
Net carrying value	14			47

Movement of intangible assets and related accumulated amortisation during the year ended 31 December 2013 is as follows:

	<u>1 January</u> <u>2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
Cost				
Rights	150	-	-	150
	<u>1 January</u> <u>2013</u>	<u>Current year</u> <u>charge</u>	<u>Disposals</u>	<u>31 December</u> <u>2013</u>
Less: Accumulated amortisation				
Rights	126	10	-	136
Net carrying value	24			14

As at 31 December 2014 and 2013, the Company does not have any internally generated intangible assets.

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***17 Loans and borrowings**

As at 31 December, secured bank borrowings are as follows:

2014				
	Original Amount	Nominal Interest Rate (%) (*)	TL amount Up to 1 year	1 year and over
TL	166,820	10.00-11.80	166,820	-
TL (**)	1,733	3.9	1,733	-
USD	7,505	3.78-3.88	16,243	1,161
EUR	801	3.86	2,259	-
Total			187,055	1,161

2013				
	Original Amount	Nominal Interest Rate (%) (*)	TL amount Up to 1 year	1 year and over
TL	127,028	8.10-10	127,028	-
TL (**)	11,864	3.75	11,864	-
USD	5,055	3.83-4.73	10,788	-
EUR	1,434	3.44-4.04	4,211	-
Total			153,891	-

(*) These rates represent the average nominal interest rate range of outstanding borrowings with fixed and floating rates as at 31 December 2014 and 2013.

(**) Includes the balances with reference to foreign currency indexed bank borrowings.

As at 31 December 2014, the Company has cheques and promissory notes amounting to TL 271 (31 December 2013: TL 200) given as collateral against its outstanding bank borrowings.

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***18 Debt securities issued**

At 31 July 2014, debt securities amounting to TL 50,000, issued by the Company are amortized. As of 31 December 2014, there are no issued debt securities by the Company.

2013						
	Currency	Maturity	Interest type	Interest rate (*)	Nominal value	Carrying value
Debt Securities	TL	2014	Floating	6.27%	50,000	52,654
						52,654

19 Factoring payables

As at 31 December, factoring payables comprised the following:

	<u>2014</u>	<u>2013</u>
Domestic factoring payables	1,249	2,671
Total	1,249	2,671

Factoring payables represent the amounts collected on behalf of but not yet paid to the factoring customers at the reporting date.

20 Other liabilities

As at 31 December, other liabilities comprised the following:

	<u>2014</u>	<u>2013</u>
Taxes and duties other than on income tax	345	347
Trade payables to vendors	1,058	1,319
Unearned income	74	107
Social security payables	71	63
Total	1,548	1,836

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

21 Derivative financial assets and derivative financial liabilities

The Company uses currency swap derivative instruments. "Currency swaps" are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies. The Company uses these derivative financial instruments, not designated in a qualifying hedge relationship, to manage its exposure to foreign currency risk.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Company's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in foreign exchange rates and interest rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The fair values of derivative instruments held as at 31 December, which represent the carrying values are as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Currency swap purchases and sales	604	322	383	372
	604	322	383	372

As at 31 December 2014 and 2013, the details of derivative transactions is presented in Note 25.

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***22 Reserve for employee severance payments**

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of TL 3,541.37 at 31 December 2014 (2013: TL 3,254.44) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

For the years ended 31 December, movements in the provision for employee severance indemnity were as follows:

	<u>2014</u>	<u>2013</u>
Balance at the beginning of the year	388	355
Interest cost	40	38
Service cost	73	54
Paid during the year	(80)	(55)
Actuarial difference	73	(4)
Balance at the end of the year	494	388

	<u>2014</u>	<u>2013</u>
Provision for employee benefits		
Unused vacation liability	100	-
	100	-

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

23 Capital and reserves

23.1 Paid-in capital

At 31 December 2014, the Company's nominal value of authorized and paid-in share capital amounts to TL 60,000,000 (2013: TL 50,000,000) comprising 50,000,000 (2013: 50,000,000) registered shares of par value of TL 1 each. Adjustment to share capital represents the restatement effect of the cash contributions to share capital equivalent to purchasing power of TL as of 31 December 2005.

As at 31 December, the composition of the authorized and paid-in share capital are as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Share (%)</u>	<u>TL</u>	<u>Share (%)</u>	<u>TL</u>
M. Semra Tümay	49.00	29,400	49.00	24,500
Murat Tümay	25.50	15,300	25.50	12,750
Zeynep Ş. Akçakayalıoğlu	25.50	15,300	25.50	12,750
Others	-	-	-	-
Share capital	100%	60,000	100%	50,000
Adjustment to share capital		279		279
Total share capital		60,279		50,279

23.2 Legal Reserves

The legal reserves are established by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of paid-in share capital (first legal reserve). Without limit, a further 10% of dividend distributions in excess of 5% of paid-in capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50% of share capital. In the accompanying financial statements, the total of the legal reserves is TL 10,361 (historical) at 31 December 2014 (2013: TL 9,978 (historical)).

According to the decisions based on the General Assembly Meeting held on 15 January 2015, the Company has decided and distributed dividend amounting to TL 1,200.

Ekspo Faktoring Anonim Şirketi

Notes to the Financial Statements

as at and for the Year Ended 31 December 2014

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

24 Risk management disclosures

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- market risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Credit risk

The Company is subject to credit risk through its factoring operations. The Company requires a certain amount of collateral in respect of its financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company does not enter into factoring transactions with the firms which do not meet the predetermined criteria for credit approval. Credit evaluations are performed on all customers by the Credit Risk Committee based on their authorisation limits. The Credit Risk Committee meets every week regularly and performs credit evaluations. The Company has early warning controls with respect to the monitoring of on-going credit risks and the Company regularly performs scoring of the creditworthiness of the customers. A special software program has been developed to monitor the credit risk of the Company.

At 31 December 2014, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***24 Risk management disclosures (Continued)****Credit risk (Continued)**

As at 31 December, the breakdown of the factoring receivables by industrial groups is as follows:

	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>
Textiles	61,767	22.38	52,010	17.96
Financial Services	40,720	14.75	28,790	9.94
Construction	26,418	9.57	37,017	12.79
Non-metal industry	25,271	9.16	15,670	5.41
Automotive	17,766	6.44	9,788	3.38
Transportation, storage and communication	16,393	5.94	5,401	1.87
Researching, consulting and advertising	14,338	5.2	24,640	8.51
Retail and wholesale trade	12,801	4.64	11,264	3.89
Leather industry	8,857	3.21	9,410	3.25
Iron, steel, coal, petroleum, other mines	8,808	3.19	6,288	2.17
Wood and Wooden Products	7,759	2.81	3,367	1.16
Agriculture and ranching	7,232	2.62	25,618	8.85
Chemicals and pharmaceuticals	6,888	2.5	5,776	2.00
Food, beverages and tobacco	6,718	2.43	9,229	3.19
Tourism	6,482	2.35	10,235	3.54
Computer and computer equipment	2,556	0.93	3,296	1.14
Rubber and plastic goods	1,885	0.68	8,947	3.09
Machinery and equipment	1,491	0.54	8,672	3.00
Cultural, recreational and sports activities	486	0.17	1,704	0.59
Electrical equipment	18	0.01	5,742	1.98
Others	1,433	0.48	6,650	2.30
	276,087	100.00	289,514	100.00

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

As at 31 December 2014 and 2013, details of the financial assets exposed to credit risk are as follows:

	<u>2014</u>	<u>2013</u>
Cash at banks	163	327
Factoring receivables, net	276,087	289,514
Derivative financial assets	604	383

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***24 Risk management disclosures (Continued)****Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

The table below summarize average effective interest rates by major currencies for monetary financial instruments at 31 December:

	2014				2013			
	<u>USD (%)</u>	<u>EUR (%)</u>	<u>GBP (%)</u>	<u>TL (%)</u>	<u>USD (%)</u>	<u>EUR (%)</u>	<u>GBP (%)</u>	<u>TL (%)</u>
Assets								
Factoring receivables	7.14	5.78	-	14.44	7.03	6.37	-	12.76
Liabilities								
Loans and borrowings	3.81	3.86	-	11,00	3.80	3.81	-	8.47
Debt securities issued	-	-	-	-	-	-	-	12.58

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***24 Risk management disclosures (Continued)****Market risk (Continued)***Interest rate profile*

At 31 December, the interest rate profile of the interest-bearing financial instruments is as follows:

	<u>Carrying Amount</u>	
	<u>2014</u>	<u>2013</u>
Fixed rate instruments		
Factoring receivables	205,736	175,921
Loans and borrowings	166,831	113,061
Floating rate instruments		
Factoring receivables	70,250	113,593
Loans and borrowings	21,385	40,830
Debt securities	-	52,654

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at 31 December would have increased profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<u>Profit or (loss)</u>	
	<u>100 bp increase</u>	<u>100 bp decrease</u>
<u>2014</u>		
Floating rate instruments	350	(350)
<u>2013</u>		
Floating rate instruments	184	(184)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Additionally, the Company does not account for any fixed rate financial assets and liabilities as available-for-sale. Therefore a change in interest rates at the reporting date would not directly affect equity.

Foreign currency risk

The Company is exposed to currency risk through transactions (such as factoring operations and borrowings) in foreign currencies. As the currency in which the Company presents its financial statements is TL, the financial statements are affected by movements in the exchange rates against TL. The Company uses currency swap contracts to manage its exposure to foreign currency risk, which will be realized in a short period of time.

As at 31 December, the foreign currency position of the Company is as follows (TL equivalents):

	<u>31 December 2014</u>	<u>31 December 2013</u>
A. Foreign currency monetary assets	23,834	28,248
B. Foreign currency monetary liabilities	(22,286)	(28,478)
C. Derivative financial instruments	94	307
Net foreign currency position (A+B+C)	1,642	77

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***24 Risk management disclosures (Continued)****Market risk (Continued)****Foreign currency risk (Continued)**

As at 31 December, TL equivalents of the currency risk exposures of the Company are as follows:

	2014				Total
	USD	Euro	GBP	Other	
Foreign currency monetary assets					
Cash and cash equivalents	107	-	-	-	107
Factoring receivables	21,433	2,292	-	-	23,725
Other assets	2	-	-	-	2
Total foreign currency monetary assets	21,542	2,292	-	-	23,834
Foreign currency monetary liabilities					
Loans and borrowings	18,945	2,451	-	-	21,396
Factoring payables	46	-	-	-	46
Other payables	841	3	-	-	844
Total foreign currency monetary liabilities	19,832	2,454	-	-	22,286
Net on balance sheet position	1,710	(162)	-	-	1,548
Off balance sheet net notional position	-	94	-	-	94
Net position	1,710	(68)	-	-	1,642
2013					
	USD	Euro	GBP	Other	Total
Foreign currency monetary assets					
Cash and cash equivalents	269	-	4	-	273
Factoring receivables	22,921	5,052	-	-	27,973
Other assets	2	-	-	-	2
Total foreign currency monetary assets	23,192	5,052	4	-	28,248
Foreign currency monetary liabilities					
Loans and borrowings	21,513	5,350	-	-	26,863
Factoring payables	432	-	-	-	432
Other payables	1,175	8	-	-	1,183
Total foreign currency monetary liabilities	23,120	5,358	-	-	28,478
Net on balance sheet position	72	(306)	4	-	(230)
Off balance sheet net notional position	-	307	-	-	307
Net position	72	1	4	-	77

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***24 Risk management disclosures (Continued)****Market risk (Continued)***Foreign currency sensitivity analysis*

Depreciation of TL by 10% against the other currencies as at 31 December 2014 and 2013 would have decreased profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, as at 31 December 2014 and 2013 remain constant.

TL	Profit/(Loss)	Profit/(Loss)	Equity (*)	Equity (*)
	2014	2013	2014	2013
USD	171	8	171	8
EUR	(7)	-	(7)	-
GBP	-	-	-	-
Other	-	-	-	-
Total	164	8	164	8

(*) Equity effect includes profit or loss effect.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has access to funding sources from banks. The Company continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Company strategy. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities of the Company:

	31 December 2014					
	Carrying Amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	191,013	194,999	144,908	48,886	1,205	-
Loans and borrowings	188,216	192,202	142,111	48,886	1,205	-
Factoring payables	1,249	1,249	1,249	-	-	-
Other liabilities	1,548	1,548	1,548	-	-	-
Derivative financial liabilities	282	600	447	153	-	-
Inflow	604	1,073	711	362	-	-
Outflow	(322)	(473)	(264)	(209)	-	-

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***24 Risk management disclosures (Continued)****Liquidity risk (Continued)**

	31 December 2013						
	Carrying amount	Contractual cash flows	1 month	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	211,052	215,288		143,411	71,877	-	-
Loans and borrowings	153,891	154,508		138,904	15,604	-	-
Debt securities	52,654	56,273		-	56,273	-	-
Factoring payables	2,671	2,671		2,671	-	-	-
Other liabilities	1,836	1,836		1,836	-	-	-
Derivative financial liabilities	11	11		1	10	-	-
Inflow	383	240		83	157	-	-
Outflow	(372)	(229)		(82)	(147)	-	-

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to meet local regulatory requirements. The Board of Directors monitors the return on capital, which includes the capital and reserves explained in note 23. The management has evaluated the risk of relatable capital associated with capital cost during these review. There is no change in the capital management policy of the Company in the current year.

25 Commitments and contingencies

Commitments and contingent liabilities arising in the ordinary course of business comprised the following items at 31 December:

Letters of guarantee	<u>2014</u>	<u>2013</u>
Given to Guarantees for the benefit of customer	1,095	15,102
Total	1,095	15,102

As at 31 December 2014, the Company has given cheques and notes amounting to TL 271 (2013: TL 200) as collateral against its outstanding bank borrowings.

Ekspo Faktoring Anonim Şirketi*Notes to the Financial Statements**as at and for the Year Ended 31 December 2014**(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)***25 Commitments and contingencies (Continued)**

As at 31 December, commitments for purchase and sale of currencies under swap contracts are as follows:

		<u>2014</u>		<u>2013</u>	
		<u>Foreign</u> <u>currency</u>	<u>TL</u>	<u>Foreign</u> <u>currency</u>	<u>TL</u>
Forward purchases					
	USD	5,040	11,688	2,454	5,238
	TL	19,779	19,779	5,542	5,542
	EUR	2,796	7,887	182	533
Total purchases			39,354		11,313

		<u>2014</u>		<u>2013</u>	
		<u>Foreign</u> <u>currency</u>	<u>TL</u>	<u>Foreign</u> <u>currency</u>	<u>TL</u>
Forward sales					
	USD	5,040	11,688	2,454	5,238
	TL	19,255	19,255	5,531	5,531
	EUR	2,784	7,853	182	533
Total sales			38,796		11,302

As at 31 December 2014 and 2013, the details of the Company's items held in custody is as follows:

	<u>2014</u>	<u>2013</u>
Customers' Cheques	251,182	276,308
Customers' Notes	44,325	25,200
Mortgages	3,892	3,962
	299,399	305,470

Ekspo Faktoring Anonim Şirketi

*Notes to the Financial Statements
as at and for the Year Ended 31 December 2014*

(Currency: Thousands of Turkish Lira ("TL") unless otherwise stated)

26 Related party disclosures

For the purpose of accompanying financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and their investments are considered and referred to as the related parties. A number of transactions are entered into with the related parties in the normal course of business. These transactions were carried out on an arms-length basis during the normal course of business.

	<u>2014</u>	<u>2013</u>
General administrative expenses		
M. Semra Tümay - rental expense	592	515
	<u>592</u>	<u>515</u>

Total benefit of key management for the years ended 31 December 2014 and 2013 amounted to TL 3,918 and TL 3,648, respectively.

27 Events after the reporting period

According to the decisions based on the General Assembly Meeting held on 15 January 2015, the Company has decided and distributed dividend amounting to TL 1,200.