

Investment is as much an art as it is a science...



UNLÜ & Co

Annual Report 2018

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On the visible side of our business you will of course see figures, transactions and accounts. But it is what we do behind the scenes to create value for our investors that makes us unique.

We feel the artist's drive to create something unique. We refuse to force ourselves into a mould. We know that the expectations are great, that our new creations will evoke excitement and that we will always be able to do even better.

Exceptional Preparation

Every move requires careful consideration. Combining years of experience and our innovative vision, we bring you a highly personalised service in DAHA Investment Advisory and Brokerage Services. Through pinpoint analysis of the past and present, we promise a fruitful future.



Choosing the Right Instrument

Investors have broad horizons. Therefore, a variety of options should be offered. We do not just offer advisory services; we develop new products to meet the unique needs of our investors.







Focus

Excellence is always our central goal. Through diligent and meticulous focus on increasing the value of our investors' assets, we achieve the right results.





Enthusiasm to Produce

Our enthusiasm to produce the best is one of the key drivers of our success. Our passion for production complements our devotion to investment and adding value to the economy. The fact that we have completed nearly USD 10 billion in mergers and acquisitions since 2010 is clear evidence of our dedication.





Masterful Touches

Our most important corporate objective is to become the largest investment bank in our region in the next 10 years. We know that this is not far away. With an expert team that knows how to make a difference, we continue to move forward with well-deserved self-confidence.





Targeted Results

Our entrepreneurial spirit, knowledge and experience take us ever further forward. Over the last five years, we have introduced a host of firsts and innovations, and maintained the steady expansion of ÜNLÜ & Co by increasing our total comprehensive income by 167% to TL 190 million.



Zerby

Corporate Profile

Through its service and product diversity, ÜNLÜ & Co continues to expand its customer portfolio of corporate and individual investors.

A LEADING FINANCIAL ADVISORY INSPIRING TRUST THROUGH ITS EXPERIENCE

ÜNLÜ & Co was founded in 1996 as an independent financial advisory company. With its professional team and strong technological infrastructure, it provides local and international individual and corporate investors with services and solutions in

- » Investment Banking Advisory,
- » Capital Markets,
- » DAHA Investment Advisory and Brokerage Services,
- » Alternative Investments,
- » Fund and Portfolio Management,

all under a single roof. Its visionary nature, solid financial structure, and the organic and inorganic growth strategies applied since the advisory's inception have all contributed to ÜNLÜ & Co becoming Turkey's leading investment banking services and asset management group.

As a fully-fledged domestic investment bank offering a variety of world-class services and products, ÜNLÜ & Co continues to expand its customer portfolio of corporate and qualified individual investors. ÜNLÜ & Co has more than 350 expert staff whose focus on customer interests and satisfaction creates a philosophy that guides all their activities.

A PREFERRED BUSINESS PARTNER

ÜNLÜ & Co has acquired global expertise in investment banking services through its long-term business partnerships and strategic partnerships with investment companies around the world.

By expanding its global sphere of influence through its subsidiaries and affiliates established in the world's most important financial centres, ÜNLÜ & Co is able to keep up to date on foreign investor profiles and changing investment trends.

ÜNLÜ & Co closely monitors the Turkish economy and Turkish companies in various sectors, and by effectively combining its global expertise and experience in local markets, it is able to apply efficient business models in all service areas. All of these qualities set ÜNLÜ & Co apart from its competition and reinforce its position as a reliable business partner.

RESPECTED IN THE INTERNATIONAL ARENA

With its many years of experience and superior advisory service success in mergers and acquisitions, corporate IPOs and privatisation, and enduring partnerships with its corporate customers and global funding sources, ÜNLÜ & Co has rightfully gained its excellent reputation at domestic and international.

In the scope of financial advisory services in Turkey, ÜNLÜ & Co boasts extensive experience across all sectors, and is the preferred partner for foreign companies, portfolio managers and fund organisations looking to invest in Turkish capital markets and Turkish companies.



ESSENTIAL CORPORATE VALUES

ÜNLÜ & Co's inherent customer focus, entrepreneurship, innovation, integrity, locality, group synergy, determination, team spirit, expertise and commitment are the main components of its 23 years of corporate success. These components, shared by the leaders and employees of ÜNLÜ & Co, create a common belief in all aspects of its service cycle culminate in a solid corporate culture. At the same time, they are seen as the key to sustainable growth and success.

A SERVICE THAT DOES NOT COMPROMISE ON LEGAL AND ETHICAL VALUES

ÜNLÜ & Co is committed to a modern approach to investment banking, and its high regard for moral values can be seen in its customer relations and market activity. ÜNLÜ & Co employees embrace an honest and consistent service approach to their customers, and pay great attention to developing and implementing a business discipline that respects the legal regulations in force and adheres to the corporate culture.

PIONEERING DEVELOPMENT IN CAPITAL MARKETS

Since its founding as an independent financial advisory, ÜNLÜ & Co has completed a host of highly successful transactions with its unique financial solutions developed based on the needs of its customers. While creating high added value for its customers through its personalised investment advices and its financial products based on customer needs, it also plays a central role in the deepening of Turkish capital markets.

EXPANDING ITS OPERATIONAL REACH

In tandem with its objective of becoming the region's largest investment banking services and asset management group, ÜNLÜ & Co resolutely maintains its leadership in the Turkish market and is taking concrete steps to expand this initiative internationally.

Products, Services and Solutions

ÜNLÜ & Co aims to deliver the highest levels of customer satisfaction through its products and services.



INVESTMENT BANKING ADVISORY**Corporate Finance Advisory**

- » Mergers & Acquisitions
- » Privatization advisory

Debt Capital Markets and Advisory**Debt Capital Markets**

- » Foreign and local currency bond issuance
- » CLN, Eurobonds, private placement, convertible bonds
- » Syndicated loans

Debt Advisory

- » Acquisition and project finance
- » Structured equity like financing
- » Financial restructuring

Institutional Sales & Advisory

- » Initial/Secondary public offerings
- » Capital increases
- » Block sales

Corporate Customer Relations**CAPITAL MARKETS**

- » Corporate sales
 - Equity placement
 - Fixed-income instruments
- » Research
- » Treasury
- » UNLU Securities Inc. (USA)
- » UNLU Securities UK Limited

DAHA INVESTMENT ADVISORY AND BROKERAGE SERVICES

- » Customised investment advisory in organized and over-the-counter markets
- » Brokerage of equities (İstanbul Stock Exchange), and derivatives (VIOP)
- » Structured debt instruments that offer personalised investment strategies
- » Fixed-income, principal-protected, real estate, Eurobonds or stock- mutual funds
- » Brokerage services for the trading of over-the-counter derivatives
- » Brokerage in trading at foreign exchange and CFD markets
- » Brokerage for equities and derivatives trading in global markets
- » Brokerage in trading of government bonds, treasury bills, private sector bonds and Eurobonds
- » Portfolio management services
- » Corporate risk management (hedging) advisory
- » Public offerings brokerage

ALTERNATIVE INVESTMENTS**Non-Performing Loans (NPL) Management**

- » Portfolio Investments
- » İstanbul Varlık
- » Restructuring
- » NPL Management

ÜNLÜ Alternative Assets

- » ÜNLÜ Private Equity
- » ÜNLÜ LT Investments

212 Capital Partners – Technology Fund

- » Internet, mobile, e-commerce venture capital
- » Turkey's pioneering technology-focused equity fund

FUND AND PORTFOLIO MANAGEMENT

- » Mutual funds
- » Hedge funds
- » Real estate investment funds
- » Fund creation and management services

Key Financial Indicators

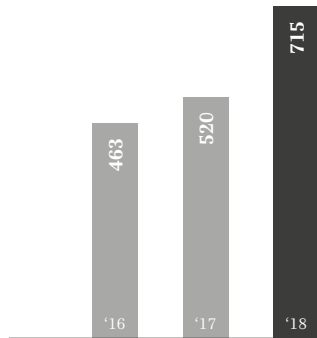
With its strong financial indicators, ÜNLÜ & Co continues to play a leading role in the Turkish market.

ÜNLÜ YATIRIM HOLDİNG A.Ş.

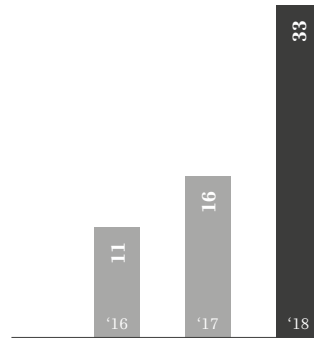
18

ÜNLÜ & Co Annual Report 2018

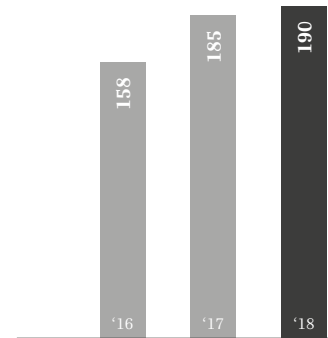
Total Assets (TL Million)



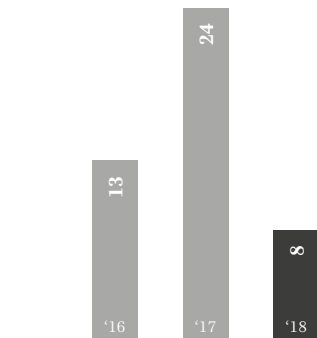
Operating Profit (TL Million)



Shareholders' Equity (TL Million)



Total Comprehensive Income (TL Million)



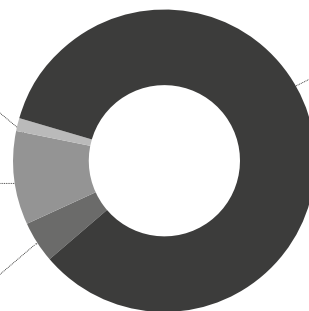
Capital Structure

Employees
1.51%

The Wellcome Trust Ltd.
9.80%

Standard Bank Group Ltd.
4.41%

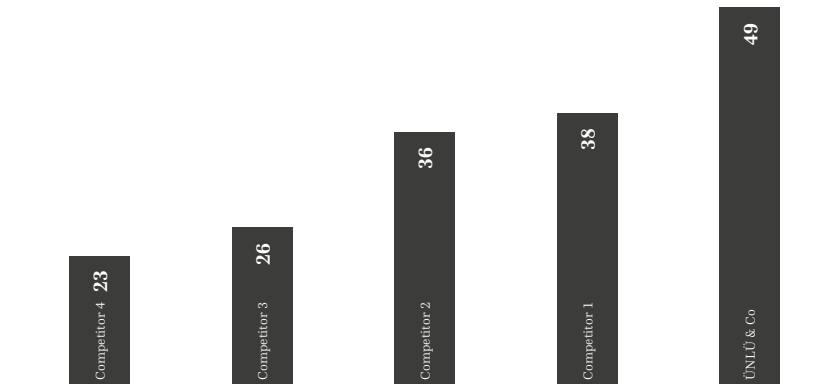
Mahmut L. Ünlü
84.28%



ÜNLÜ & Co's LEADERSHIP

Number of Transactions in Mergers and Acquisitions*

* Over USD 30 million of transactions completed between 2006 and 2018.

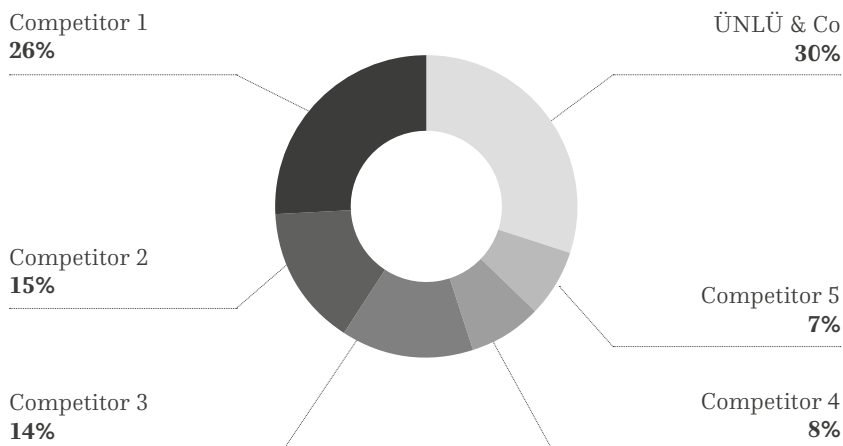


Source: Mergermarket



Capital Markets Transactions

ÜNLÜ & Co ranks first with a 30% market share in initial and secondary public offerings and block sales transactions, and USD 3 billion of sales between 2010 and 2018.



ÜNLÜ & Co's Awards

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ÜNLÜ & Co Annual Report 2018

Global M&A Atlas Awards – 2018
“Global Infrastructure Deal of the Year in Emerging Markets – 2017”
“Investment Banker of the Year in Emerging Markets – 2017” (İbrahim Romano)

Turkish Capital Markets Association (TSPB) Third Capital Markets Awards – 2018
“Leader of Mergers and Acquisitions – 2017”

ARC Awards (Annual Report Competition) – 2018

Our Annual Report 2017 received the Gold prize in the categories “Non-Conventional Annual Reports,” “Best Illustrations” and “Print & Production” as well as the Grand prize in the categories “Non-Conventional Annual Reports” and “Best Illustration.”

Euromoney - 2016
“Turkey’s Best Investment Bank”

ACQ5 Magazine Awards - 2016
“Investment Bank of the Year”

Mergermarket – 2015
“Turkey’s Best Financial Advisory of the Year”

Euromoney – 2015
“Advisory Best M&A House”

Deal Makers Global Awards - 2015
“Best Debt Financing Advisor of the Year”

AI International Finance Awards - 2015
“Independent Financial Advisory of the Year & Best MENA Expert”
“Investment Bank of the Year”

Business Worldwide M&A Awards - 2015
“Best Independent M&A Advisory Company”
“Investment Bank of the Year”

Our Vision, Mission and Strategy




20	Our Vision	Our Mission	Our Strategy
UNIÜ & Co Annual Report 2018	To become the leading investment banking services provider and asset management group in the region.	To continuously work to achieve our vision with entrepreneurial spirit and expertise of local markets and to grow the business while adding value and profit to our clients' businesses.	To keep our leading position in the market, and to achieve our goals and ensure sustainable success by improving our corporate principles and management approach.


1

Focus

Creating “the best choice for the client” is one of the strongest underlying fundamentals of all ÜNLÜ & Co solutions.




Components of Success

**2**


Entrepreneurship

All of the value added solutions ÜNLÜ & Co offers its clients are derived from the Group’s entrepreneurial spirit.

**3**


Innovation

ÜNLÜ & Co has a pioneering position that creates difference in its fields of activity where it develops new value-added products and services.

**4**


Integrity

In the relations it establishes with its stakeholders and in the markets where it operates, ÜNLÜ & Co adopts an ethical and consistent service understanding that respects high moral values.

**5**


Local

ÜNLÜ & Co is a national financial institution that encourages investment, and offers investment banking services at global standards in the Turkish capital markets.

**6**


Group Synergy

ÜNLÜ & Co has a corporate structure that provides the most innovative solutions for all the financial needs of its clients under one roof with its subsidiaries, which are also pioneers in their respective service areas. ÜNLÜ & Co embraces an honest and reliable service approach adhering to high ethical standards as the Group adds value to the Turkish Capital Markets with its services and operations at world-class standards.

**7**


Determination

Bringing together all of its resources, collective commitment and focus, ÜNLÜ & Co strives for successful results and demonstrates sheer determination for the desirable outcome.

**8**


Teamwork

ÜNLÜ & Co’s business models are based on synergistic efforts of different teams which concentrate on clients’ needs by setting joint targets in the most professional and harmonious manner.

**9**


Expertise

Thanks to its staff composed of highly competent people who are experts in their field, ÜNLÜ & Co adopts full awareness and provides solutions throughout all processes.

**10**

Commitment

ÜNLÜ & Co embraces loyalty and sustainability both within the Company and among its clients. Stability resulting from commitment is a key pillar for ÜNLÜ & Co.



Milestones

Since its inception in 1996, ÜNLÜ & Co has put its name to a host of successful transactions.

1996

- » Dundas Ünlü commences operations as a small and exclusive mergers & acquisitions advisory firm.
- » Founded in Istanbul as Dundas Ünlü at its inception, the Company started out by providing advisory services to international investors wishing to invest in the Turkish market. Positioning itself in financial markets as a leading provider of M&A advisory services, Dundas Ünlü contributed significantly to the growth and development of this market in Turkey.

2002

- » Having acquired a local brokerage house, Dundas Ünlü ventures into investment banking. Dundas Ünlü took a step in Equity Capital Markets when, in 2002, it acquired Işıklar Menkul, a small brokerage house. With this acquisition, the Company added to its portfolio an array of investment banking products and services addressing the needs of different clients.

2003

- » Dundas Ünlü begins providing asset management services and sets up an in-house non-performing loan unit.
- » This period was highlighted by a deluge of new ventures. A fixed-income unit was established in 2003, followed by an asset management unit in 2004 and by the launch of an equity fund (called “DUA”) and a fixed-income fund (called “DUB”) in 2005. As a result of these undertakings, Dundas Ünlü not only expanded the scope of the products and services it offered but also became the first stop for clients to consult (advice) for their investment financing needs.

2005

- » The product and service line-up continues to expand with new launches.
- » A milestone was reached when Dundas Ünlü teamed up with the US-based investment bank Lehman Brothers.

- » Another important step in the direction of becoming more institutional was taken when Tahincioğlu Holding acquired a stake in the Company.
- » By setting up an institutional sales unit, Dundas Ünlü began providing clients with equity sales and capital market services. This unit’s successful performance positioned Dundas Ünlü as the leader among the top brokers servicing international institutional clients in Turkey.

2006/2007

- » The Company expands into the alternative investments business line with the launch of the SU Private Equity Fund. It also enters into a strategic partnership with South-Africa based Standard Bank.
- » SU Private Equity, one of Turkey’s largest private equity funds, was set up in 2006.
- » The same year saw the establishment of DUFDAS, an adjunct to the Company’s NPL unit and a ground-breaking service provider in the corporate collections business line.
- » In 2007, the Company underwrote the first private-sector corporate bond issue that had been initiated in Turkey in nearly a decade. The same year, South Africa-based Standard Bank became a shareholder in the Company by acquiring the majority of shares previously belonging to Alasdair Dundas and Tahincioğlu Holding.
- » With this change in the shareholder structure, the Company underwent reorganization as well. The Company’s name was changed to Standard Ünlü while the arrival of a new shareholder gave the Company access to an extensive global financial services network and the ability to diversify its debt-financing products. This consolidation of strengths transformed Standard Ünlü into Turkey’s leading provider of investment banking and asset management products and services.

2009

- » Standart Varlık and PLATO Finansal Danışmanlık Servisleri A.Ş. are set up.
- » With PLATO Finansal Danışmanlık Servisleri A.Ş., a financial advisory services provider launched in 2009, the Company began providing collections management services for retail and SME NPL portfolios.

2011

- » Standard Varlık, founded in 2009, was acquired by the Group and renamed İSTANBUL Varlık. The same year also saw the establishment of 212 Capital Partners, a firm set up to provide early-stage venture capital to technology, internet, and communication companies in Turkey.
- » A joint venture in which some of the country's leading technology companies, investors, and managers took part, 212 Capital Partners began supplying financial support to start-ups seeking to enter vertical markets in the areas of software, social gaming, e-commerce, mobile apps, social media, and cloud computing.

2012/2013

- » The Group is renamed ÜNLÜ & Co and MENA Finans commences operations.
- » In 2012 ÜNLÜ & Co (ÜNLÜ Finansal Yatırımlar A.Ş.) acquired a 67% stake in Standard Ünlü. With this change in its majority shareholder, the company also underwent restructuring.
- » Later the same year, MENA Finans was set up and began serving investors in the Middle East and North Africa in keeping with the Group's regional expansion plans.
- » Following its acquisition by the Group, İSTANBUL Varlık, formerly Standard Varlık, achieved a 40% growth rate in its assets in two years by improving relationships with banks.

2014

- » While maintaining its leading position in Turkey, ÜNLÜ & Co took steps towards regional investment banking services. The Singapore Office was established. Concrete steps were taken towards the opening and regional expansion in the Middle East.
- » During this period, ÜNLÜ & Co rose to the top of Turkey's M&A league table with USD 3.7 billion worth of such deals, also intermediated the largest foreign company acquisition ever in Turkey.
- » In the area of debt capital markets and advisory, ÜNLÜ & Co underwrote the country's biggest private-sector corporate bond issue, totaling TL 805 million and a 24% market share. ÜNLÜ & Co's performance in 2014 elevated it to first place among Turkey's brokerage houses.

- » The ÜNLÜ Long-term Investment Fund, which invests in various asset classes, was launched.
- » ÜNLÜ Portföy's 474.8% rate of year-on growth made it the fastest-growing portfolio management company in Turkey in 2014.

2015

- » The Group's business partnership with Standard Bank was also restructured.
- » The brand name ÜNLÜ Finansal Yatırımlar A.Ş., which unites the Group companies under one roof, was revised to ÜNLÜ Yatırım Holding A.Ş. (ÜNLÜ & Co).
- » ÜNLÜ & Co established Private Brokerage and Financial Advisory Department to provide top quality Capital Markets products and services to qualified individual investors, thus extending its service area.

2016

- » The Wellcome Trust, one of the world's largest trust funds, became a 9.9% shareholder in ÜNLÜ & Co. Having strengthened its capital structure through this partnership, ÜNLÜ & Co created resources for its regional investments. After gaining its brokerage licence, UNLU Securities Inc. was launched in New York. UNLU Securities Inc. started its investment banking operations as the only Turkish brokerage house in the United States.
- » New fund organisations and structured debt instruments were issued as the product range continued to expand.

2017

- » ÜNLÜ & Co has started to utilize its experience and know-how with corporate clients to serve the qualified individual investors via "DAHA".
- » Over the UTrade online platforms specially designed for DAHA Investment Advisory and Brokerage Services, investors now have the opportunity to perform transactions in domestic and foreign capital markets in a reliable, swift and practical fashion.
- » ÜNLÜ THE CLUB YouTube channel is now on air, complete with next generation products for individual investors, the latest sector analyses, finance agenda, and self-development opportunities for women entrepreneurs.
- » ÜNLÜ & Co provided advisory services to mergers and acquisitions with a total nominal value of USD 1.7 billion.
- » ÜNLÜ & Co's affiliate ÜNLÜ Portföy First Real Estate Investment Fund invested a total of TL 45 million in the Nidapark Küçükyalı project, created by Tahincioğlu under the guarantee of Emlak Konut REIT.

2018

ÜNLÜ & Co acted as joint global coordinator in the public offering of ŞOK Marketler, one of the biggest public offerings of the last 10 years at a value of USD 538 million.

ÜNLÜ & Co issued Turkey's first convertible bond deal.

ÜNLÜ & Co provided advisory services for IC İbrahim Çeçen Investment Holding A.Ş. and its group companies' transfer of shares in Antalya Airport to TAV Airports Holding.

ÜNLÜ & Co issued Turkey's first agricultural income-based asset-backed securities.

ÜNLÜ & Co received two awards at The Global M&A Atlas Awards for the success of its financial advisory services in the sale of Akfen Holding's shares in Mersin International Port.

ÜNLÜ & Co was selected as 2017's "Mergers and Acquisitions Operations Leader" in the "Corporate Finance Transactions" category by the Turkey Capital Market Association.

ÜNLÜ & Co completed the necessary infrastructure and license applications for its London office.

2018 at a Glance

ÜNLÜ & Co won several prestigious awards after a successful 2018.

ÜNLÜ & Co PARTICIPATED IN ONE OF THE LARGEST IPOs OF THE LAST 10 YEARS

ÜNLÜ & Co puts its name to the public offering of ŞOK Marketler

ÜNLÜ & Co acted as joint-global coordinator in the IPO of ŞOK Marketler, Turkey's fastest growing food retail company at a value of TL 2.3 billion (about USD 538 million).

One of the largest IPOs in Turkey in the last decade... The fact that TL 1.95 billion of foreign investment was raised as a result of widespread interest was a new sign of confidence in the Turkish Capital Markets.

TAV AIRPORTS AND FRAPORT WERE BROUGHT TOGETHER THROUGH ÜNLÜ & Co'S ADVISORY

ÜNLÜ & Co advised a huge partnership deal

ÜNLÜ & Co provided advisory for IC İbrahim Çeçen Investment Holding A.Ş. and its group companies' transfer of shares in Antalya Airport to TAV Airports Holding.

In this deal, TAV Airports agreed to buy IC İçtaş's 49% stake in Antalya Airport at a price of EUR 360 million. As a result, TAV had the right to operate the airport until the end of 2024 in partnership with Fraport of Germany. Strengthening its identity as a global brand in the aviation sector, TAV Airports now operates 18 airports worldwide.

ÜNLÜ & Co ACTED AS THE SELL SIDE ADVISORY IN THE SALE OF KORSINI PACKAGING TO KOROZO

Industry-leading advisory services

ÜNLÜ & Co undertook sell-side advisory for Korsini in Korozo Ambalaj's acquisition of additional majority shares in Korsini Ambalaj.

With the acquisition of Korsini, Korozo undertook a strategic operation to expand its operations and increase profitability under its new management.

ÜNLÜ & Co EXECUTES TURKEY'S FIRST CONVERTIBLE BOND DEAL

Another first from ÜNLÜ & Co

ÜNLÜ & Co advised the issuance of Akfen REIT's (a subsidiary of Akfen Engineering) convertible bonds in the amount of TL 170 million, the first in Turkey.

Akfen REIT is a real estate investment trust focused on city hotel building, and its convertible bonds have a maturity of three years and interest rate of 12%. At the end of the period, the accumulated interest is added to the principal, and the accumulated interest and principal can be converted into shares in the company through capital increase, according to Akfen REIT's preference.

ÜNLÜ & Co ISSUES TURKEY'S FIRST AGRICULTURAL INCOME-BASED ASSET-BACKED SECURITY

Turkey's first agricultural income-based asset-backed security

Turkey's first asset-backed securities based on agricultural receivables were issued by ÜNLÜ & Co, turning TARFİN Tarım A.Ş.'s agricultural receivables into a high-yield investment instrument.

Assets subject to issuance include TARFİN's receivables arising from sales of fertiliser, feed and similar agricultural inputs to producers in Tekirdağ, Bursa, Istanbul, Edirne and Sakarya. Asset-backed securities offer investors a high-yield investment option through a diversified portfolio with a secured structure.

ÜNLÜ & Co RECEIVES TWO MAJOR AWARDS FROM THE GLOBAL M&A NETWORK

Prestigious awards from the international arena

ÜNLÜ & Co's financial advisory success in Akfen Holding's sale of shares in Mersin International Port received two awards at The Global M&A Atlas Awards held by the Global M&A Network.

In August 2017, ÜNLÜ & Co took on financial advisory for Akfen Holding in the sale of shares in Mersin International Port. This deal saw ÜNLÜ & Co win an award in the "Global Infrastructure Deal of the Year" category, while İbrahim Romano, Managing Director of the ÜNLÜ & Co Corporate Finance Advisory Department, won "Emerging Markets Investment Banker of the Year."

ÜNLÜ & Co BECOMES A LEADER IN MERGERS AND ACQUISITIONS

ÜNLÜ & Co receives major award from Turkish Capital Market Association

ÜNLÜ & Co was selected as 2017's "Mergers and Acquisitions Operations Leader" in the "Corporate Finance Transactions" category by the Turkish Capital Market Association.

Since its establishment, ÜNLÜ & Co has provided foreign exchange inflows to the country's economy through merger and acquisition transactions it has advised, and its success was recognised in 2018 with awards in this field. ÜNLÜ & Co accepted the award at the Turkish Capital Market Association's 3rd Capital Markets Awards, one of the most prestigious awards in the field of capital markets, at a ceremony held in Istanbul on 11 April 2018.

A MAJOR AWARD AT THE ARC AWARDS FOR ÜNLÜ & Co'S 2017 ANNUAL REPORT

ÜNLÜ & Co's 2017 Annual Report garnered numerous awards

The ÜNLÜ & Co Annual Report 2017, designed around the theme "The Art of Investment Banking," received the Gold prize in the "Non-Conventional Annual Reports," "Best Illustrations" and "Print & Production" categories at the ARC Awards. The Company's 2017 annual report also won the Grand prize in the "Non-Conventional Annual Reports" and "Best Illustration" categories at the ARC Awards, organized by the US-based firm MerComm.

The ARC Awards are the world's largest international competition which honours excellence in annual reporting and are known as "the Oscars of Annual Reports." The judges consider criteria such as the theme of the report, the language, creativity and design.

USD **538** Million

ÜNLÜ & Co acts as joint-global coordinator in ŞOK Marketler's IPO worth USD 538 million.

EUR **360** Million

ÜNLÜ & Co provides advisory services for IC Holding and its group companies' transfer of shares in Antalya Airport to TAV Airports Holding.

Letter from the Chairman and CEO

Since its inception in 1996, ÜNLÜ & Co has been leading the way in the development of our capital markets, while continuously improving its financial performance.

Dear Stakeholders,

The world is going through a period in which macroforecasting has become increasingly difficult. Uncertainties are deepening, market fluctuations are on the rise, and a cautious and prudent approach has become more important than ever. Even though it may appear that global growth is on a steady path, signs of threats to this have begun to emerge. Trade wars, customs borders and other risks triggered by geopolitical tensions have weakened the growth optimism of 2017. Hawkish stance by the US Federal Reserve and potential end to ECB's asset purchase program, signal less positive picture in developing countries in the near future.

While developed economies have continued to grow rapidly, global fragilities have become more visible.

During 2018, data from the US economy confirmed strong growth. Basic inflation indicators in the country continued to recover, and employment growth maintained a reasonable level. The confidence provided by this picture spurred on messages relating to the Federal Reserve's continued raising of interest rates. However, statements made towards the end of the year fueled expectations that the possible slowdown in the global economy could curb the Federal Reserve's tightening steps.

As for the Eurozone, the optimism of the previous year began to dissipate. Acceleration of protectionist tendencies in global trade, volatility in financial markets and the budget debates in Italy have led to a gradual loss of momentum in growth. In this environment, the European Central Bank, which is nearing the end of its asset purchase program, began to signal an increase in policy interest rates in mid-2019.

There is no doubt that emerging markets have suffered the greatest blows from global adversities. The strengthening dollar together with the upward trend in crude oil prices and production costs have had a negative impact on emerging economies overall, despite appearing to support oil-exporting countries. While there was deterioration in inflation dynamics, there was also a significant decrease in growth performance. If continued, the tightening policies of the Federal Reserve and the protectionist steps in world trade would indicate that the period in which liquidity is abundant is coming to an end. We would also see a decline in risk appetite for these countries.

It is likely that global trade wars and geopolitical tensions triggered by the USA in the coming period will continue to create volatility in the markets. We may also hear alarm bells ringing louder for developing economies that are unable to find structural solutions to their basic vulnerabilities.

Turkey's economy has emerged from a troubled period which has provided some important lessons.

In the first quarter, Turkey maintained its growth momentum, growing by 7.3%, and continued this in the second quarter with a rate of 5.2%, despite other developing countries exhibiting a slowdown. However, Turkey too entered a period of notable slowdown in the second half of the year. This deterioration in the outlook was mainly due to the depreciation of the Turkish Lira amid political tensions with the US in mid-July, uncertainties in the financial markets, and high inflation.

The adverse changes in exchange rates and global commodity prices led to rapid hikes in interest rates, while inflation increased to a record 15-year high of up to 25%. In this environment, the Central Bank of the Republic of Turkey, which had adopted a wait-and-see policy at its July and August meetings, was forced to raise interest rates by 625 basis points in September.

Despite the contraction in domestic demand, the continuation of external demand limited the slowdown in economic activity. This also helped improve in Turkey's foreign trade deficit. When we add record tourism income to the narrowing of the foreign trade deficit, Turkey's economy saw a current account surplus for the first time in 10 years.

1
USD Billion

In 2018, ÜNLÜ & Co advised corporate finance transactions worth USD 1 billion.

While we went through an important corporate transformation in 2018, we also met our financial targets.

Despite having to deal with higher than usual risks in our markets, we focused on opportunities through our adaptable but prudent culture. Through our work, we continued to support Turkey's investment environment and capital markets.

Since its establishment in 1996, ÜNLÜ & Co has shaped the development of our capital markets through its constantly improving financial performance. We expanded our fields of activity and became a leading organization in all areas of investment banking services. 2018 will be remembered for its financial difficulties, but in that same year we completed transactions in excess of USD 1 billion of corporate finance, and were recognised by various institutions for the value we add to the Turkish economy.



Borsa Istanbul Stock Exchange indices saw a slight rebound after the lows hit in the troubled months of July and August. While the Central Bank's significant interest rate hike led to re-stabilising exchange rates, the weakening of risk appetite for emerging economies limited increases in the stock market.

The New Economy Program announced by the government following these developments had a reassuring impact on the markets, as it offered reasonable suggestions in terms of diagnosis and treatment. In 2019, in which Turkey will hold yet another election, we believe that it will be crucial to maintain the tight monetary and fiscal policies emphasized in the Program in order to prevent fluctuations in the markets.

As a result of our success in financial and advisory services, we won major prizes on both domestic and international stages. In 2018, we were recognized at The Global M&A Atlas Awards, organised by the Global M&A Network, a global mergers and acquisitions network.

In order to be closer to our international clients, in 2018 we made the required licence applications to set up an office in London. Our London office will be our third overseas contact point, after New York and Singapore, and it will expand our international service coverage.

DAHA has added depth to Turkey's capital markets, and has accelerated its investment in human resources, which in turn will support organic development.

Every consecutive year, we reinforce our leading position in the corporate investment banking services arena. Our services offered to qualified individual investors, under our DAHA brand was expanded with the “Invest more with DAHA...” slogan in 2018. Within a short space of time, DAHA added depth to the capital markets in Turkey with a new perspective to investment advisory. We have accelerated our investment in its human resources, which in turn will support its organic development.

2018 was also a year in which we reviewed our structure and business processes to bring them in line with our corporate values such as market centrality, innovation and customer orientation, which have been key to the success we have achieved since our inception. In order to strengthen our ability to adapt to increasingly dynamic market conditions, we decided to change our management structure into a new form that is faster and more agile in decision-making.

We are also aware that being one of the leading organisations in our sector means we have the responsibility of acting with society's interests at heart. At ÜNLÜ & Co, we have placed entrepreneurship, women in business and education issues at the core of our corporate social responsibility activities. The most prominent of these activities was ÜNLÜ & Co Women Entrepreneurs Academy, which has been running for three years now. The Academy aims to empower women in their career trajectories by providing guidance at every stage of implementing their business ideas, and it produced 20 more graduates in 2018. By 2020, we are aiming to reach a total of 100 women and to be their closest supporter on their journeys towards the entrepreneurship ecosystem.

Expectations and goals for 2019

2019 is likely to see an increase in uncertainties due to geopolitical tensions in our region and around the world. Tightening of global monetary policy and deterioration in investor sentiment towards Turkey have the potential to cause a slowdown in economic activity. Despite these adverse conditions, we maintain our belief that a comprehensive and pragmatic economy program can carry us on a new path to growth.

At ÜNLÜ & Co, given the key roles we play in the financial lives of individuals and companies, we are fully aware of our responsibility to both our country and our stakeholders. As a service provider aiming at leadership in every field of investment, our roadmap for sustainable success is ready to adapt to the economic and political developments, both in our country and around the world.

Our team is growing each day, and through their adoption of our team spirit and corporate culture, they will continue to be the best guarantee that we will meet our targets. I would like to take this opportunity to thank our employees, valued customers and all our business partners on behalf myself and our Board of Directors.

MAHMUT L. ÜNLÜ
Chairman and CEO



Letter From the Deputy Chairman and General Manager

We continued to focus on innovative products that provide resources to the real sector.

Dear Shareholders,

During its 23-year journey, ÜNLÜ & Co has always remained focused to its target of reflecting Turkey's economic power and potential to its performance, and in 2018, it achieved outstanding financial results through its selfless efforts.

We are continuing on our journey of growth

As Turkey's leading investment services and asset management group, ÜNLÜ & Co's year-end consolidated financial results showed an increase of 37.65% in its size of assets to TL 714,987,048. Operating revenues increased by 102.39% to TL 32,671,956, while our shareholders' equity increased by 3.1% exceeding TL 190,056,069.

We have completed a total of 111 successful acquisitions (worth approximately USD 14 billion) since our establishment. Since 2010, we have continued to play a leading role in the sector with a total of 31 transactions at a value of USD 3 billion in public offerings, private placements and block sales achieving 30% market share excluding privatisations and intra-group transactions. Also, by the end of 2018, we advised 18 debt capital transactions reaching a value of TL 1.7 billion. This helped us to secure our leading position among the security houses.

In 2018 we completed transactions which are worthily to a leader

We continue to lead the way in our sector with the exemplary transactions we have advised in corporate finance. ŞOK Marketler's Public Offering, in which we acted as Joint Global Coordinator and Book Runner, was listed as one of the biggest public offerings in Turkey, not just of last year, but in the last 10 years, with USD 538 million size. We also advised for the partnership of TAV Airports and Fraport of Germany in Antalya Airport, Turkey's third largest airport, which welcomes over 26 million passengers each year. This was to be one of the most important transactions of recent years. In 2018, we also took on an important role in Koroza Ambalaj's purchase of additional majority shares in Korsini Ambalaj.

Our Debt Capital Markets and Advisory Department is being recognised for numerous "Firsts" that it has introduced to Turkey's Capital Markets. One of the "Firsts" which has been introduced to the list was the asset-backed security to be based on Turkey's agricultural receivables and the other one was Turkey's first convertible bonds.

We believe that the development of the agricultural sector is crucial for our country to achieve sustainable growth. In this regard, the issue of Turkey's first asset-backed securities, which transforms TARFİN Tarım A.Ş.'s agricultural receivables into a high-yield investment instrument for investors, was outmost important to create a new low-cost funding facility for our farmers.

Turkey's First Assets-Backed Securities

We continued our support for farmers through the first assets-backed securities based on Turkey's agricultural receivables.



At the beginning of 2018 and for the first time in Turkey, we executed the issuance of Akfen GYO convertible bonds in the value of TL 170 million. This has been a significant transaction in terms of creating a unique financing alternative for the companies. In this period of increasing borrowing costs, we will continue to focus on such innovative products which will reduce costs and provide resources to the real sector.

Despite the relatively short time since its launch, DAHA has become one of the most well-known providers of personalised investment services. While on the one hand we expanded our team of experienced investment consultants in 2018, we also focused on our brand and communication efforts in order to expand our customers' reach by DAHA.

The awards we win motivate us for the future

When we look back, we will remember 2018 as a year of many awards for our Group. In the 3rd Capital Market Awards Ceremony held by the Turkey Capital Market Association, we received the "Leader of Mergers and Acquisitions -2017" award, representing once again our success in corporate finance. The advisory we provided to Akfen Holding in their sale of shares in Mersin International Port was deemed

worthy of two major awards at The Global M&A Atlas Awards. For this transaction, ÜNLÜ & Co received the "Global Infrastructure Deal of the Year" award, while ÜNLÜ & Co Corporate Finance Managing Director, İbrahim Romano, was awarded as "Emerging Markets Investment Banker of the Year." The awards we received at the international ARC Awards (known as the Oscars of annual reports) for our 2017 Annual Report have been a source of great pride for us, and a sign that we have had an impact on the sector with our corporate stance.

In the coming year, we will remain committed to our path of profitable and sustainable growth, as well as continue to add value to our customers, partners and, most importantly to the Turkish economy, with our innovative perspective and talented, dynamic team. In this respect I would like to thank our customers, staff and partners who travel with us in this journey.

Best Wishes,

Can ÜNALAN
Deputy Chairman and
General Manager

Markets Overview 2018 - Highlights and Future Outlook

Inflation, which closed 2017 at 11.9% level, significantly increased after May and peaked at 24.5% in September.



In 2017, the Turkish economy grew at a rate of 7.4%, and this rate showed almost no signs of slowing in the first quarter of 2018, at 7.3%. In the first quarter of 2018, the most significant factor in growth was private consumption, with an increase of 9.3%. In the first half of 2018, economic growth was 6.2%, driven by domestic demand, as in the previous year. However, following the US Federal Reserve's interest rate hike and worsening of risk perception towards emerging countries, volatility in the markets increased leading to an increase in cost of financing. The recovery in tourism revenues thanks to exchange rate effect and contraction of the current account deficit were among the positive developments of 2018. The strong growth of the first half of the year led to lower unemployment rates, and the seasonally adjusted unemployment rate fell to 9.8% in February, the lowest level since May 2014, but rose again to above 10% in April due to fluctuations in financial markets.

The most critical issues of 2018 were high inflation and exchange rate fluctuations. After closing 2017 at 11.9%, the inflation rate, which was lower in the first four months of the year, rose rapidly after May and had reached 24.5% by September. Increases in the prices of oil, food and basic goods became more pronounced, while the rapid depreciation of the Turkish lira and the resulting negative economic effects had a significant detrimental impact. In the rest of the year, with tightened monetary and fiscal policies, coupled with the government's Full-Scale Fight against inflation initiative, normalisation in the inflation is expected.

Following rapid depreciation of Turkish lira at the end of 2016, Fitch downgraded Turkey's credit rating in January 2017 and Turkey's sovereign rating fell below the investment grade at all the three major credit rating agencies. As a result, Turkish lira negatively diverged from the currencies of other emerging countries. This

divergence continued apace in 2018, and the expectation of stability after the presidential and general elections was quashed by the perception of political uncertainty after the spat with the United States, and led to sharp sell-off in Turkish assets and the Turkish lira. While the overheated Turkish economy created skyrocketing inflation and a current account deficit, deteriorating portfolio and long-term investments with the deteriorating sentiment for other emerging markets led to a further deepening of the risk averseness over Turkey. In this period, foreign exchange rates showing excessive volatilities weakened the financial positions of companies with borrowings in foreign currencies, also forcing the government to reduce its growth expectations for the coming years.

Due to the continued global risk appetite in 2017, the reversal of portfolio flows to emerging countries in 2018 will intensify financial problems for these countries in the coming years. While in 2017, foreign investors purchased USD 3.2 billion worth of stock and USD 7.5 billion worth of government bonds, in the first three quarters of 2018, the same figures were USD 1.4 billion and USD 865 million, respectively. The level of global risk appetite and interest in emerging markets will continue to be the most important determinants of the course of Turkish capital markets in 2019.

A SLOWDOWN IN ECONOMIC ACTIVITY IS EXPECTED IN 2019

After Turkey's slow economic growth of 3.2% in 2016, steps taken by the government in 2017, incentives for private sector and increased public spending led to a growth rate of 7.4% in line with the 2.3% growth estimate described in the New Economy Program, we expect Turkey's growth in 2019 to remain below its long-term potential. However, we predict that growth will converge the long-term potential in the following years, and will reach 4.7%.

In the first half of the year, the rapid rise in food prices and depreciation of the Turkish lira led to a steep rise in inflation. We expect to see a downward trend in inflation in 2019, as a result of the base effect and the Central Bank of the Republic of Turkey's relatively tight monetary

policy. In 2019, we predicted inflation to be between 15% and 18%, based on the assumption that commodity prices will be high, food prices will normalise, and the depreciation of the Turkish lira will be moderate.

After all the negative developments of 2018, we expect that 2019 will be a period of recovery for Turkey. However, decreasing current account deficit coupled with negative outlooks for domestic demand, and the question of whether uncertainty can be overcome, make it difficult to predict the future of Turkey's economy.

INCREASING POLITICAL RISKS MAY LEAD TO A FURTHER WORSENING IN ALREADY NEGATIVE OUTLOOKS FOR EMERGING ECONOMIES

The most significant global developments of 2018 include the trade wars launched by US President Donald Trump, the withdrawal from the Iranian Nuclear Agreement and the sanctions to be implemented, Vladimir Putin's re-election in Russia, and the general elections in Italy and Brazil. The increase in commercial tensions among developed countries, the acceleration of withdrawals from emerging markets, the reactions of Brexit in the UK, and the impact of political problems in Saudi Arabia and Iran on oil prices are the most significant global risks of 2019.

In 2019, the US economy is expected to continue to exhibit moderate but stable growth. As for the European Union, economic activity is gaining momentum. The Federal Reserve is expected to continue its gradual rate hikes in 2019, while the European Central Bank is expected to increase interest rates for the first time since July 2011. Moreover, the European Central Bank's termination of the asset purchase program is likely to have a serious impact on the markets.

The occasional aggravation in tensions in Turkey-US diplomatic relations recently, and other political and geopolitical developments in the country continue to impact the course of the markets during 2019

2.3%

**Expected Growth of
2.3% in 2019**

*According to the forecasts
of the New Economic
Program, Turkey's economy
is expected to grow by 2.3%
in 2019.*

USD 865 Million

*In the first three quarters of
2018, foreign investors sold
government bonds in the
value of USD 865 million.*

Investment Banking Services

ÜNLÜ & Co's strong performance in investment banking services continued in 2018.

Investment Banking Advisory

Corporate Finance Advisory

- » Mergers & Acquisitions
- » Privatization advisory

Debt Capital Markets and Advisory

Debt Capital Markets

- » Foreign and local currency bond issuance
- » CLN, Eurobonds, private placement, convertible bonds
- » Syndicated loans

Debt Advisory

- » Acquisition and project finance
- » Structured equity like financing
- » Financial restructuring

Institutional Sales & Advisory

- » Initial/Secondary public offerings
- » Capital increases
- » Block sales

Corporate Customer Relations

Capital Markets

- » Corporate sales
 - Equity placement
 - Fixed-income instruments
- » Research
- » Treasury
- » UNLU Securities Inc. (USA)
- » UNLU Securities UK Limited

DAHA Investment Advisory and Brokerage Services

- » Customised investment advisory in organized and over-the-counter markets
- » Brokerage of equities (İstanbul Stock Exchange), and derivatives (VIOP)
- » Structured debt instruments that offer personalised investment strategies
- » Fixed-income, principal-protected, real estate, Eurobonds or stock- mutual funds
- » Brokerage services for the trading of over-the-counter derivatives
- » Brokerage in trading at foreign exchange and CFD markets
- » Brokerage for equities and derivatives trading in global markets
- » Brokerage in trading of government bonds, treasury bills, private sector bonds and Eurobonds
- » Portfolio management services
- » Corporate risk management (hedging) advisory
- » Public offerings brokerage



*The outstanding success of ÜNLÜ & Co's
Corporate Finance Advisory Department has
been recognised by prestigious awards.*

Investment Banking Advisory

CORPORATE FINANCE ADVISORY

The ÜNLÜ & Co Corporate Finance Advisory Department aims to provide high value-added financial solutions designed in accordance with requirements of our clients and has achieved countless successes in this field. It is one of the Group's main business lines, and provides a major contribution to the brand in Turkey. Corporate Finance Advisory Department activities include:

- » Mergers and acquisitions
- » Cross-border acquisitions transactions
- » Private equity fund transactions

A service approach praised in Turkey and abroad

Since being established in 1996, ÜNLÜ & Co had facilitated 111 successful merger and acquisition transactions as of 2018. In addition to this, ÜNLÜ & Co is able to offer exclusive advisory services to many of Turkey's and the world's leading companies thanks to its advanced local and international business network.

In mergers and acquisitions, the Corporate Finance Department has experience in a range of sectors in Turkey and enjoys a balanced customer portfolio thanks to its buyer- and seller-side advisory services.

The Corporate Finance Team consists of 21 professional staff who are the best in the sector, and they shape the financial solutions best suited to the needs and interests of their customers within the framework of global ethical standards.

Since its inception, ÜNLÜ & Co has built and developed its reputation in the market through its success in the corporate finance advisory field and has played an important role in bringing together Turkey's leading industrial organisations, service providers and manufacturers with leading international groups, and helping them develop strategic partnerships.

Two more major Corporate Finance awards for ÜNLÜ & Co in 2018

The outstanding success of the ÜNLÜ & Co Corporate Finance Advisory Department in its operations over the years has been recognised by internationally respected organisations.

In 2018, ÜNLÜ & Co received the "Global Infrastructure Deal of the Year" and the "Emerging Markets Investment Banker of the Year (İbrahim Romano)" awards at the M&A Atlas Awards. Also, in 2018, it was awarded "Leader in Mergers and Acquisitions" by the Turkish Capital Markets Association, once again demonstrating its accomplishments in the field.

ÜNLÜ & Co'S LEADERSHIP

Period	Process Type	Number of Transactions*	Ranking
2010-2018	Mergers and acquisitions	34	1 st
2010-2018	Cross-border acquisitions	21	1 st
2010-2018	Mergers and acquisitions - buyer-side advisory	15	1 st
2010-2018	Mergers and acquisitions - seller-side advisory	19	2 nd
2010-2018	Private equity fund transactions	12	1 st

* Transactions exceeding USD 30 million.

Source: Mergermarket

111

Merger and Acquisition Transactions

Since being established in 1996, ÜNLÜ & Co had facilitated 111 merger and acquisition transactions by 2018.

Below are just some of the transactions which make ÜNLÜ & Co a leader in its field.

MAJOR TRANSACTIONS

Role	Target Company	Acquirer Company	Significance	Year
Sell-Side Advisor	Antalya Airport	TAV Airports	Share sales in Turkey's third largest airport	2018
Joint-Global Coordinator	ŞOK Marketler	-	The largest public offering transaction on Borsa Istanbul since 2010	2018
Buy-Side Advisor	Peak Games	Zynga	Sale of Turkey's biggest online gaming business	2017
Sell-Side Advisor	Mersin	IFM Investors	One of Turkey's largest infrastructure deals	2017
Sell-Side Advisor	Koroza	Actera	Sale of Turkey's largest packaging company	2016
Sell-Side Advisor	Solventaş	Yilport Group	Sale of Turkey's largest chemical storage terminal	2016
Sell-Side Advisor	Yıldız Holding A.Ş.-AK Gıda	Lactalis Group	Sale of one of the Turkey's largest food companies	2015
Buy-Side Advisor	United Biscuits	Yıldız Holding A.Ş.	The largest foreign acquisition made by a Turkish company	2014
Buy-Side Advisor	YKM	Boyer Group	Acquisition of Turkey's largest department store group	2012
Buy-Side Advisor	Defy	Koç Holding A.Ş.-Arçelik	Koç Group's largest foreign acquisition	2011
Buy-Side Advisor	Kent Gıda and Intergum	Cadbury Schweppes	Acquisition of one of the Turkey's largest confectionery companies	2007
Buy-Side Advisor	Güven Plastik	Huhtamaki	First merger and acquisition transaction	1997

ÜNLÜ & Co advised in three high-profile transactions in 2018.

2018 at a Glance

In 2018, the beginning of a significant improvement in market conditions, combined with increased fund flows to emerging markets, and a strong performance from Turkey’s economy led to the total monetary value of mergers and acquisitions in Turkey increase by approximately 50%, reaching USD 11 billion. In 25 of these transactions, valued at around USD 5.5 billion, a seller-side and/or buyer-side financial advisor was used.



DEALS ADVISED BY ÜNLÜ & Co IN 2018

Target Company	Sector	Buyer	Shareholding	ÜNLÜ & Co Advisory
Antalya Airport	Aviation/Transport	TAV Airports	50%	Sell-Side Advisory
ŞOK Marketler*	Grocery Retail	-	34%	Joint-Global Coordinator
Korsini Ambalaj	Packaging	Korozo	77%	Sell-Side Advisory

* Public Offering

ÜNLÜ & Co Corporate Finance performed strongly in 2018 and acted as advisor in the successful completion of three high-profile transactions. The total monetary value of these transactions was around USD 1 billion.

See below for a summary of these three transactions:

ÜNLÜ & Co puts its signature to the partnership in Antalya Airport between TAV Airports Holding and Fraport of Germany

ÜNLÜ & Co provided advisory services for the transfer of IC İbrahim Çeçen Yatırım Holding A.Ş. and its group's shares in Antalya Airport to TAV Airports Holding. As a result of the transaction, TAV Airports Holding now holds 49% of the shares in Antalya Airport. According to the agreement, TAV will be entitled to equal control and a 50% dividend along with its existing partner, Fraport.

Serving around 26 million domestic and international passengers in 2017, Antalya Airport is Turkey's third busiest airport. The international passenger count as of the

85% of the shares offered to the public were sold to foreign institutional investors by the global consortium led by ÜNLÜ & Co. The offering were oversubscribed by 1.8 times. The international end-investors include developing country mutual funds, state-owned funds and highly reputable hedge funds. The IPO also drew a large number of domestic corporate and individual investors; the shares allocated to these groups were oversubscribed by 2.4 and 2.5 times, respectively.

The ŞOK Marketler IPO is one of the largest Turkish IPOs of the last decade. The successful IPO was largely oversubscribed and confirmed yet again investor confidence in Turkish capital markets. This public offering provided Turkey with USD 457 million worth of foreign capital inflow.



1.8

Times Demand

ŞOK's IPO was oversubscribed 1.8 times by overseas investors.

end of 2017 was over 18 million. Antalya Airport accounts for 22% of Turkey's international passenger traffic and is the second busiest airport for international passengers in Turkey.

The transaction was a convincing sign that foreign investors have confidence in the potential of the Turkish aviation sector.

IPO of ŞOK Marketler at a value of USD 538 million

In the USD 538 million IPO of ŞOK Marketler, Turkey's fastest growing grocery retail company, ÜNLÜ & Co acted as joint-global coordinator.

Sale of Korsini Ambalaj to Koroza

ÜNLÜ & Co acted as the sell-side advisor to Korsini in its majority share sale to Koroza Ambalaj.

In 2017, Actera acquired a major stake in Koroza, together with EBRD and Esas Holding, in a deal where ÜNLÜ & Co acted as the sell-side advisor. The acquisition of Korsini is a crucial deal for Koroza in line with its strategy of expanding its operations and boosting its profitability under its new management.

With its commitment to innovation, ÜNLÜ & Co's Debt Capital Markets and Advisory Department issued Turkey's debut corporate asset-backed securities and convertible bonds in 2018.

DEBT CAPITAL MARKETS AND ADVISORY

With its experience and unrivalled financial expertise, ÜNLÜ & Co's Debt Capital Markets and Advisory Department is one of the leading service providers in the ever-changing and evolving field of debt capital markets. The focus of its activities is to provide structured solutions to meet the financing needs of its customers and to provide alternative financing resources. It provides structured solutions in line with the financing needs of companies in two main areas, namely, advisory, and brokerage of securities in debt capital markets.

ÜNLÜ & Co's Debt Capital Markets and Advisory Department consists of a team who are experts in determining the financing needs of customers in a correct and timely manner and providing the necessary financing under the most suitable structures and conditions. This allows them to establish long-term solution partnerships with their customers.

The Department provides a wide range of financial advisory services, including:

- » Syndicated/club loans,
 - » Project financing,
 - » Subordinated loans (mezzanine financing),
 - » Securitisations,
 - » Acquisition financing,
 - » Financial restructuring,
- as well as arrangement and provision of all varieties of debt financing, and restructuring of existing debt.

Independent debt advisor

The lack of any partnership relationships with banks or other financial institutions operating in Turkey is one of the most important factors that set ÜNLÜ & Co apart from the competition. ÜNLÜ & Co has a structure that positions itself at arm's length to all domestic and foreign sources of finance and does not allow conflicts of interest. Thus, it is able to deliver a service which takes care of its customer's interests, who are in search of financing under the most favourable terms and conditions.

ÜNLÜ & Co acts as a bridge between its corporate customers and global funding sources, and since its establishment, it has arranged debt financing of over USD 10 billion from various sources to its customers.

A vision which always aims to lead

ÜNLÜ & Co's Debt Capital Markets and Advisory Department also offers brokerage and advisory services in the issuance of Turkish lira bonds/bills, foreign currency bonds, credit-linked notes convertible bonds, lease certificates and asset-backed securities, in debt capital markets, giving private sector companies direct access to holders of savings to facilitate their borrowing needs.

ÜNLÜ & Co has a market share of 10% in the Turkish Lira real sector corporate issuances, with a transaction volume of TL 2 billion in 2014-2018. With this transaction volume and value, it is also the only investment institution among the top-five which is totally independent from banks.

With its commitment to innovation, the Debt Capital Markets and Advisory Department issued Turkey's first corporate asset-backed securities and convertible bonds in 2018.



Featured transactions of 2018

As a subsidiary of Akfen Holding, Akfen GYO is Turkey's first and only real estate investment trust focused solely on city hotels, and ÜNLÜ & Co issued its convertible bonds, the first in Turkey, at a value of TL 170 million. With a calculation based on the volatility of the share, the principal and accumulated interest of the bond has a more advantageous yield than the market borrowing costs. At the end of the three-year term, the cumulative interest is added to the principal and can be converted into company shares at the pre-determined price, according to the preferences of Akfen GYO.

Another of ÜNLÜ & Co's major transactions of 2018, and indeed another first, was the issuance of asset-backed securities by TARFİN Tarım A.Ş., the first to be backed by agricultural receivables. The assets subject to the issuance include receivables arising from the sales of fertiliser, feed and similar agricultural inputs to farmers in Tekirdağ, Bursa, Istanbul, Edirne and Sakarya. Asset-backed securities utilise the cash flows of underlying assets and are significant as they allow investors to differentiate the credit quality of issuances and obtain high returns, while providing issuers with low-cost funding. As such, in 2017, ÜNLÜ & Co established the asset financing fund "Angora Varlık Finansman Fonu" in order to issue asset-backed securities. The asset-backed securities issued on the back of the assets taken on by the asset financing fund have attracted interest since the asset-backed securities are secured by an asset pool rather than a company balance sheet. On the other hand, asset-backed securities are attractive as an off-balance sheet instrument for issuers, allowing them to discount and cash out their term receivables before maturity.

With its professional competence and keen understanding of the domestic market, ÜNLÜ & Co's Equity Capital Markets Department has gained great trust and enjoys a solid reputation across Turkey.

EQUITY CAPITAL MARKETS ADVISORY

ÜNLÜ & Co offers advisory and brokerage services in initial public offerings, secondary public offerings, block sales and capital increases carried out in Borsa Istanbul.

The Capital Markets Department keeps a close eye on Turkey's leading companies, and in line with market conditions, provides the most appropriate solution to the financing needs of those companies, and ensures the completion of transactions.

A leader for eight years

In the Turkish block sales transactions market, in which mostly international investment banks actively participate, ÜNLÜ & Co reached a market share of 30% between 2010 and 2018, excluding its privatisation and inter-group transactions.

In the 86 block sales transactions carried out in the market between 2010 and 2018, 31 were advised by ÜNLÜ & Co.

A strong local brand, focused on Turkish companies

ÜNLÜ & Co competes with international investment banks, but as a local company itself, it focuses exclusively on Turkish companies.

Thanks to its professional competence, understanding of local market conditions, and dedication to its work, ÜNLÜ & Co's Capital Markets Department is able to create value for its customers and has earned trust and reputation among Turkey's largest companies.

2018 transactions

In 2018, ÜNLÜ & Co acted as a joint-global coordinator in the IPO of ŞOK Marketler, an offering of TL 2.3 billion (about USD 538 million). 85% of the shares offered were sold to foreign institutional investors. The ŞOK Marketler IPO was one of the largest IPO in Turkey over the last decade and through this transaction, TL 1.95 billion of foreign capital come to Turkey.

ÜNLÜ & Co was also the sole bookrunner of the sale of a 17.39% stake in Akış REIT – the real estate subsidiary of Akkök Holding – to foreign and domestic institutional and qualified investors including EBRD. With this transaction, EBRD for the first time invested in a public real estate investment trust in Turkey.



CORPORATE CUSTOMER RELATIONS

Established in 2010, Corporate Customer Relations Department aims to create long-lasting business relationships with Turkey's leading corporations.

In order to create added value for corporate customers, special products and services are developed to suit their needs and expectations. In line with this goal, the Corporate Customer Relations Department follows the strategies of its customers closely, and sets itself apart from the competition by adopting an advisory service approach that protects the long-term interests of its customers, rather than simply pursuing short-term goals in customer relations.

Corporate Customer Relations Department puts customer focus at the heart of all its business processes and has successfully completed major transactions together with Turkey's leading companies from a wide range of sectors. The feedback received from these projects and the fact that it has completed multiple projects for several of its customers confirms ÜNLÜ & Co's success in establishing long-term relationships.

The Corporate Customer Relations Department will continue to contribute to the development of ÜNLÜ & Co's position in the market by providing fast, timely and high-value services to all the customers it meets.

An Approach that Protects Long-Term Interests

The Corporate Customer Relations Department adopts an advisory approach that protects the long-term interests of its customers.

The Institutional Sales Department is made up of staff with market expertise and experience, and is able to offer customers a flow of comprehensive and current information.

Capital Markets

INSTITUTIONAL SALES

The ÜNLÜ & Co Institutional Sales Department executes high-value transactions for foreign and domestic institutional investors looking to invest in Turkey's capital markets. With its top notch services, the Department is expanding its diverse customer base, which currently consists of US, European and Asian mutual funds, hedge funds, pension funds and asset management firms with a focus on emerging markets.

With its local know-how the Institutional Sales Department offers the widest perspective on Turkey to investors, and contributes to increasing interest in the investment climate of our country. The Institutional Sales Department is made up of highly experienced six individuals with superior market knowledge. As such, they are able to offer a constant flow of up to date and comprehensive information on the Turkish economy, major sectors and Turkish companies to investors.

With its communication efforts, ÜNLÜ & Co supports promotion of investment environment of Turkey

At the 5th ÜNLÜ & Co Banks' CEO Day, close to 50 investors were able to meet the senior management of leading Turkish banks.

In addition to this, as part of its marketing activities, the Institutional Sales Department organised investor meetings (roadshows) at major financial centres in Europe and the US, bringing together institutional investors and high-level management of publicly trading Turkish companies on the Borsa Istanbul. It also contributed to investment decisions of its clients

by bringing together portfolio management companies/ pension funds established in Turkey with the company management teams.

Success in 2018's largest IPO

In the first half of 2018, ÜNLÜ & Co Institutional Sales Department played an important role in the IPO market. It reinforced its leadership position by co-coordinating the ŞOK Marketler transaction. In a turbulent period in foreign markets and prior to the June elections, the offering with a size of USD 538 million was the largest public offering on Borsa Istanbul since 2010.

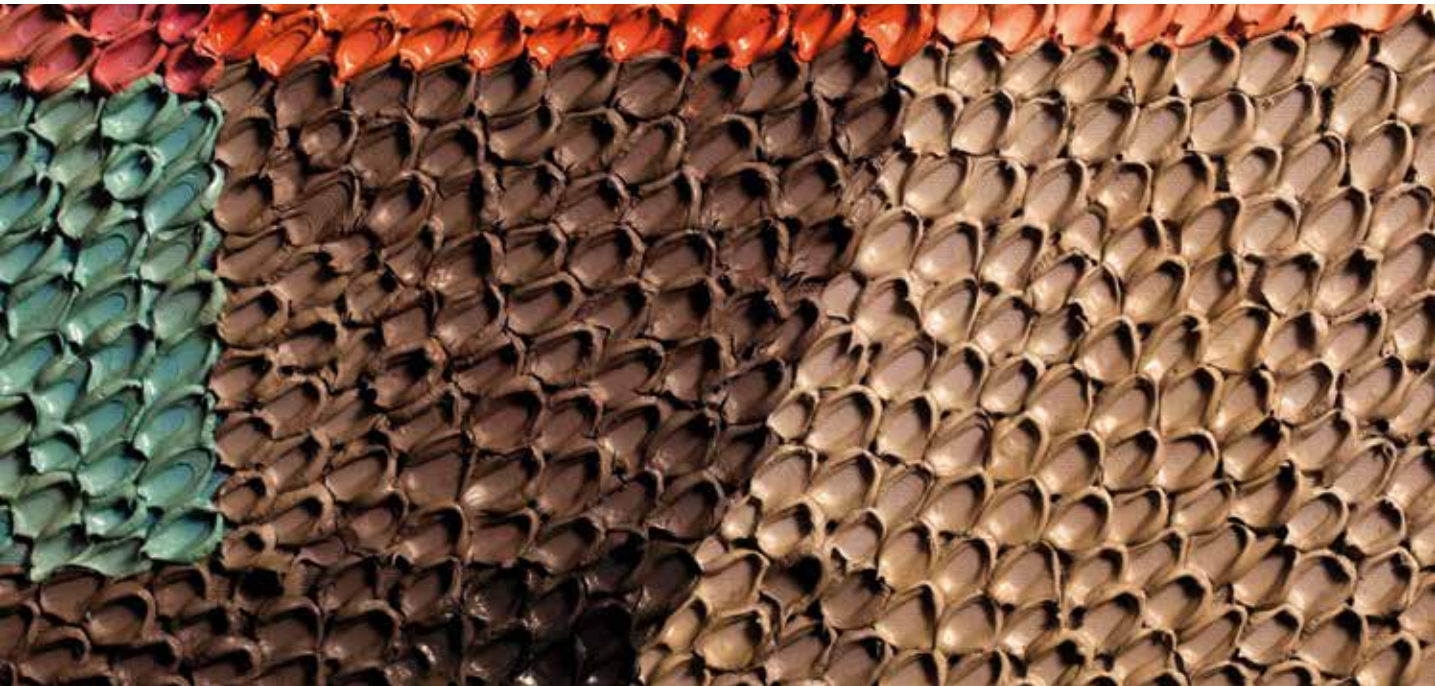
In April 2018, the team took on the sale of 17% of Akiş GYO shares. Through this project, 7% of the company's shares were sold to EBRD, which was the largest participant in the placement.

RESEARCH

ÜNLÜ & Co Research Department produces reports based on objective analysis to help domestic and foreign investors in their investment decisions through access to accurate market information. The reports, which are written by the Department's expert staff, provide the latest information on sectors and companies within Turkey and investment ideas in the light of national and global political and economic developments.

The most accurate and reliable way of identifying market-leading developments

ÜNLÜ & Co's Research Department produces world-class thematic reports which aim to provide investors a distilled understanding of complex data on economics and markets, while providing them the timely and accurate information they need.



ÜNLÜ & Co's dynamic perspective on reports is based on the monitoring and reporting of the investment opportunities offered by a range of companies.

In 2018, with its team of six highly skilled analysts, the Research Department followed 14 sectors and 63 companies. The 63 companies covered by the Research Department accounts for 90% of the total market value of the Borsa Istanbul-100 Index, and they produced reports based on independent analyses of stocks, providing investors buy-sell recommendations.

All the Research Department's reports that offer stock analysis, credit analysis and economic analysis are published in English after going through a rigorous compliance check. Reports with high internationally accepted standards are distributed electronically to foreign and domestic investors.

With its rich content, high quality reports and publications, the Research Department aims to provide investors with accurate advice based on new investment ideas and strong analysis.

ÜNLÜ & Co conveys knowledge and experience to its customers through a wide range of reports

Monthly Cherry Picks

A monthly report highlighting the top recommended companies and pair trade ideas in the stock market.

Banking sector report

A report examining weekly and monthly banking sector data which presents company valuations alongside current opinions.

Sector and company reports

A report containing investment recommendations and detailed analysis of the 14 sectors under coverage and companies in those sectors.

Macro Data Flash Note

A report analysing the monthly macroeconomic data and offers the forecasts for the future.

Istanbul Calling

A daily bulletin where economic and political developments as well as current company and sector news are collated and presented alongside the comments of the Research Department.

Excluding daily bulletins, the Research Department published a total of around 200 reports in 2018.

ÜNLÜ & Co's Research Department also contributes to investor meetings (roadshows) organised for institutional foreign investors with its analyses and presentations. As of 2018, the Research Department reached 100 different investors, and participated in more than 200 one-to-one investor meetings.

The Research Department together with the Institutional Sales Department organised trips for fund managers to visit the publicly traded companies they tracked. In 2018, more than 200 company meetings were held on investor trips for 16 investor groups.

With a deep understanding of effective capital management, ÜNLÜ & Co's Treasury Department invests in all varieties of capital market instruments backed by Turkish assets.

TREASURY

The Treasury Department manages the Group's balance sheet and conducts studies in order to develop products which meet the needs of the various departments.

ÜNLÜ & Co Treasury Department's main duties include:

- » Effective asset-liability management in line with company strategies
- » Finding alternative investment and funding channels by tracking markets
- » Developing new products
- » Optimising risks and costs
- » Following legal obligations

The Treasury Department has access to a wide range of investment resources thanks to ÜNLÜ & Co's extensive experience in financial markets. The Department applies an effective capital management approach and invests in mainly Turkish underlyings in line with the Group's market view and balance sheet composition. The main active products include:

- » Government bonds, treasury bills, private bonds, Eurobonds
- » Repo/reverse repo
- » Futures and options
- » Over-the-counter derivative products (forward, option and swaps)
- » Structured products
- » Equities currency transactions

It works in coordination with the Group's other departments, primarily DAHA, to produce new, innovative products.

ÜNLÜ & Co's horizontal organisation and ability to access information rapidly facilitates fast decision-making processes, which bolsters the effectiveness of the Department and ensures diversification in its areas of activity. The strong relationships which ÜNLÜ & Co has established with a range of business partners, both in Turkey and abroad, is a key factor in increasing the Treasury Department's investment options and ability to create value.

UNLU SECURITIES INC

UNLU Securities Inc., established by ÜNLÜ & Co to provide services to investors in the United States, was commissioned by the FINRA in 2015. Through the company established in New York, corporate investors in the United States are provided services from all branches of the business. Given that US funds account for 1/3 of publicly traded shares on the Borsa Istanbul Stock Market held by foreign corporate investors, UNLU Securities Inc plays an important role in Turkey's capital markets. This office facilitates contact between the corporate sales, research and capital markets departments to be in contact with US investors, providing significant opportunities.



UNLU SECURITIES UK LIMITED

UNLU SECURITIES UK LIMITED was established in 2018 to expand ÜNLÜ & Co's service and resource network on an international scale. Once the set-up and approval stages are complete, UNLU SECURITIES UK LIMITED will provide three main business functions:

- » Debt Financing
- » Capital Markets
- » Corporate Finance

Based in London, the Company will focus on debt financing, in line with ÜNLÜ & Co's strategic priorities. Priority has also been given to the establishment of a distribution network of alternative investors to meet the funding needs of Turkish companies.

As of the end of 2017, the total asset value under the management of the world's 500 largest asset management companies totalled USD 93.8 trillion.

USD 29.8 trillion of this figure is managed by funds established in European countries, including the UK. The UK's share within managed asset is approximately USD 7 trillion. The UK's total portfolio saw a growth rate of 11% in 2017.

The total volume of global alternative investment funds is expected to reach USD 14 trillion in 2020. The fact that some of the funds targeting the topflight are moving towards specialisation in the face of competition overlaps with the expectation that many players in different categories will continue to take part in this segment.

The continued expansion of the global asset management market has increased competition, but also increases opportunities for players in the sector. UNLU SECURITIES UK LIMITED is aware of these opportunities and the existing dynamics. In line with ÜNLÜ & Co's vision of being a world-class service provider, UNLU SECURITIES UK LIMITED will move forward to become a distribution platform in the widest sense, providing capacity and depth to meet different levels of capital needs for its customers.

DAHA offers investors customized investment management services, taking into account their income balances and risk profiles.

DAHA Investment Advisory and Brokerage Services

Following the completion of the license renewal process in 2015, ÜNLÜ & Co established the DAHA Investment Advisory and Brokerage Services Department in 2016 to provide investment management and brokerage services for capital markets to qualified individual investors and corporates. DAHA considers all the financial needs of its investors in the field of investment advisory as a whole. It offers tailor-made investment advices, taking into account the risk profiles, goals, income-expense balances and asset status of its qualified investors.

DAHA Investment Advisory and Brokerage Services offers the following services:

- » Customized investment advisory in organized and over-the-counter markets,
- » Brokerage of equities (İstanbul Stock Exchange), and derivatives (VIOP),
- » Structured debt instruments that offer personalized investment strategies,
- » Fixed-income, principal-protected, real estate, Eurobonds or stock-mutual funds,
- » Brokerage services for the trading of over-the-counter derivatives,
- » Brokerage in trading at foreign exchange and CFD markets,
- » Brokerage for equities and derivatives trading in global markets,
- » Brokerage in trading of government bonds, treasury bills, private sector bonds and Eurobonds,
- » Portfolio management services,
- » Corporate risk management (hedging) advisory,
- » Public offerings brokerage.

In addition to the brokerage services it offers, DAHA also provides individual portfolio management services and financial planning services to its qualified investors.

ÜNLÜ & Co has a rich experience in a wide range of services in capital markets, and adopts a reliable, long-term and mutually beneficial approach to its personalized investment advisory services. Through DAHA, ÜNLÜ & Co has been able to expand the boundaries of its commitment to outstanding service by offering its expertise and experience to qualified investors.

DAHA Financial Advisory Services

Working in coordination with the Research Department, DAHA Financial Advisory Unit provides short-, medium- and long-term investment solutions to meet the needs of individual and corporate investors, each with different risk and return preferences. It also offers short-, medium- and long-term investment advices in financial instruments such as parities, fixed-income securities and gold.

The periodic reports it publishes in Turkish on domestic capital markets for its investors are listed below:

ÜNLÜ & Co'mment: This clear, concise daily bulletin published each morning covers current developments in the domestic and foreign markets, potential impacts on the market, product-based recommendations, and company news.

U-Alert: A short note covering market monitoring and information notes, company/sector notes, macro analysis, and ÜNLÜ & Co's top shares and strategy suggestions.



U-Call: Considering market dynamics, this product includes ÜNLÜ & Co's recommendations on the Istanbul Stock and Derivatives Exchange which are attractive in the short term, and are in accordance with company's trade strategies. The positions offered by U-Call are continuously monitored and information is provided via e-mail and SMS in case of possible profit sale or stop-loss.

Fast, User-Friendly Online Trading Services

With UTrade online trading platform specially designed for DAHA Investment Advisory and Brokerage Services, UTrade Mobile app (iOS/Android), and UTrade Trading System Windows desktop app, investors can easily send their orders to the Borsa Istanbul Equity Market (equities) and Derivatives Market (VIOP), perform cash and collateral transactions quickly, and instantly monitor their portfolio status and market data. In addition to trading transactions, investors can also access ÜNLÜ & Co's research reports, model portfolio, market calendar, investment strategy and company news via the UTrade platforms.

DAHA Micro Site

All the products and services offered to individual investors within the scope of DAHA Investment Advisory and Brokerage Services are included in detail on the DAHA micro site (daha.unluco.com), published in 2017.

UTrade Online Product Family

UTrade web platform - www.utrade.com.tr

- » Simple trade order transmission to equity, futures and options markets
- » Transmission types of conditional orders, chain orders, park orders and stop loss orders
- » Cash transactions, funds (TEFAS), and Derivatives Market collateral deposit/withdrawal transactions

- » Screen for monitoring account portfolio, order status, historic transactions
- » Access to research reports, trading advices, model portfolios
- » Access to BIST market data, news, company financial statements and statistics

UTrade Mobile (iPhone, iPad and Android devices)

- » Easy order transmission to stocks, stock exchange mutual funds, warrants and derivatives markets
- » Instant portfolio information, cost and profit/loss monitoring
- » Free access to real-time BIST and derivatives market (VIOP) data and news
- » Personalized user interface for market watch with favorite lists
- » Fast, secure login with "Touch ID" technology

UTrade Trading System (TS)

- » "Cockpit" screen designed for professional investors
- » Easy monitoring of BIST market data with customizable screens
- » Fast order transmission to stock, futures and option markets

Foreign Markets - UTradeFX and UTrade International

With its experienced broker teams and modern online platforms, DAHA Investment Advisory and Brokerage Services provides brokerage services to investors in domestic and foreign capital markets. Under the UTradeFX brand, investors are provided with trading opportunities in Forex-parity pairs, precious metals (including gold, silver, palladium, and copper), as well as contracts for difference written on indexes, equities and commodities. In addition to FX and CFD services, with the help of UTrade International (ÜNLÜ & Co's application which opens international markets), investors can follow stock exchange data instantly and in depth, and can reliably and easily execute stock, futures and exchange-traded funds transactions on global stock exchanges.

Asset Management Services

ÜNLÜ & Co makes a difference in the sector through the asset management services it offers.

Alternative Investments

Non-performing Loans Management

- » Portfolio investments
- » ISTANBUL Varlık
- » Restructuring
- » Non-performing Loans Management

ÜNLÜ Alternative Assets

- » ÜNLÜ Private Equity
- » ÜNLÜ LT Investments

212 Capital-Technology Fund

- » Internet, mobile and e-commerce venture capital
- » The most pioneering technology-focused equity fund in Turkey

Fund and Portfolio Management

- » Investment funds
- » Hedge funds
- » Real estate investment funds
- » Fund set-up and management services



ÜNLÜ & Co delivers effective solutions in NPL collections with more than 200 employees.

Alternative Investments

NON-PERFORMING LOAN MANAGEMENT

ÜNLÜ & Co provides value-added services in nonperforming loans (NPL) market, where it has been operating since 2003. The Company realizes its NPL investments via İstanbul Varlık, a subsidiary that has become one of the leading Turkish asset management companies in a short time. Two other Group companies – DUFĐAS and PLATO Finansal – provide the collection management of the portfolios acquired by İstanbul Varlık.

Establishing its strategy in the NPL market on the pillars of efficiency, flexibility and reliability for 15 years, ÜNLÜ & Co produces fast, creative and effective solutions in NPL collections with more than 200 employees and its national capital.

Aiming to boost collection performance via effective management of NPL portfolios, ÜNLÜ & Co will continue to support its customers with its specialized, constructive approach and help them recover.

İSTANBUL VARLIK

After the Group's foreign partnership ended in 2009, İstanbul Varlık started to operate as a local brand with 100% local capital. Bolstered by the synergy with ÜNLÜ & Co, İSTANBUL Varlık gets one step closer to its clients and, aware of the local market conditions, provides effective solutions to its clients.

DUFĐAS, a group company of İstanbul Varlık, manages commercial and corporate NPLs. In the face of rising retail NPLs following the 2008 crisis, PLATO Finansal was established to enhance the Group's retail and micro-SME NPL management capacity.

İstanbul Varlık currently manages two corporate and 24 retail/SME NPL portfolios with more than TL 250 million investments to date.

One of the most active players in the NPL sector, İstanbul Varlık increased the total number of its portfolios to 26 with the purchase of four more retail NPL portfolios in 2018. As of year-end 2018, İstanbul Varlık manages a total unpaid principal balance of TL 2.7 billion and services around 390 thousand clients.



DUFIDAS

One of the first comers in the sector, DUFIDAS was founded in 2006 to provide financial advisory and corporate/commercial portfolio management services through partnership with local and foreign banks.

DUFIDAS assumes the collection management of corporate and commercial NPL portfolios purchased by İstanbul Varlık. DUFIDAS also provides financial and commercial advisory as well as collection services to domestic and foreign companies.

With substantial know-how in commercial and corporate NPLs, DUFIDAS focuses on each loan with its highly experienced team, formulating alternative solutions by maintaining one-to-one dialogue with its clients.

DUFIDAS has demonstrated a successful performance thanks to its effective market strategies and continued to expand its experience in the sector.

As of end-2018, DUFIDAS's total portfolio under management amounted to TL 450 million.

PLATO FİNANSAL

PLATO Finansal was founded in 2009 as an independent company for the collection management of retail and micro-SME NPL portfolios acquired by İstanbul Varlık.

Since its establishment, PLATO Finansal has expanded its workforce effectively, upgraded its technology infrastructure and boosted its operational service competencies. As a result, the company steadily increased its collection management performance every year.

As of 2018, PLATO Finansal performs the collection of 24 NPL portfolios including credit card debt, overdraft accounts, vehicle, housing, consumer and micro-SME loans purchased from 11 different banks.

Launching new initiatives to increase revenues in 2018, with its strong human capital, efficient call centre service, extensive legal network and follow-up services, PLATO Finansal offered 95% of its services to İstanbul Varlık, thereby boosting the latter's collection ratio by 55%.

PLATO Finansal – widely known as “the school of the NPL sector” – considers employees as the critical success factor and therefore continuously invests in their training. In 2018, 31 employees received 135 hours of basic training per person while 107 employees received 60 hours of in-house training. In addition, 22 senior and mid-level managers received about 80 hours of management skills and technical training.

In 2018, PLATO Finansal boosted its financial efficiency by enhancing its technological infrastructure, investing in its human capital and outsourcing more efficiently. The ratio of employees doing on collections increased from 55% to 70% and the increase in costs remained below the inflation rate. These achievements had a positive effect on PLATO Finansal's profitability.

In 2018, Ünlü Alternatives continued to grow with investment in funds from companies to which it provides advisory services.

ÜNLÜ ALTERNATIVE ASSET MANAGEMENT

ÜNLÜ Alternatives was established solely to make investments in Turkey. It serves two separate funds: one in private capital and the other focusing on a more diverse investment portfolio. The total size of these funds have reached a value of USD 260 million.

Established as a private equity fund in partnership with domestic and foreign investors, Fund 1 has realised more than USD 100 million of investment. The Fund currently has two main investments.

Among Fund 1's investments, Şok Marketler completed its IPO successfully in 2018. At a value of USD 538 million, the IPO of ŞOK Marketler was one of the largest in Turkey in the last decade. In 2018, Şok Marketler continued to grow quickly by adding more than 1,100 retail chain stores across Turkey, bringing its total number of stores to over 6,300.

The ÜNLÜ Long-Term Investments Fund focuses on long-term investments in shares of public or private companies, non-performing loans, infrastructure and real estate asset classes. As of the end of 2018, the total size of this fund was USD 126 million, and its investment amount reached USD 110 million.

With a staff of nine individuals, ÜNLÜ Alternatives continues to grow with the companies it has advised to invest in funds.

212 CAPITAL

In Turkey, several factors have played an important role in the development of the Internet and technology. Demographic data (large young population, areas of interest), an emerging risk-capital ecosystem, high Internet and mobile usage penetration, the emergence of the Internet and e-commerce ecosystem, and robust online and offline consumer habits have all come together to make Turkey an attractive prospect.

ÜNLÜ & Co has become a partner of 212 Ltd, which in turn provides consultancy to 212 Capital Partners (212), a fund which provides venture capital to Turkey's leading technology and Internet companies in their early stages.

212 Capital Partners continues to be one of the largest funds to provide support to companies that want to establish an enterprise in the vertical market such as software, social games, e-commerce, mobile, social media and cloud computing.



USD **100** Million

Established as a private equity fund in partnership with domestic and foreign investors, Fund 1 has realised more than USD 100 million of investment.

USD **126** Million

ÜNLÜ Long Term Investment Fund founded in 2014, reached total size of USD 126 million in 2018.

The First Variable Fund managed by ÜNLÜ Portföy was ranked first in the TEFAS variable funds category in 2018.

Fund and Portfolio Management

Portfolio Management

ÜNLÜ Portföy, offering portfolio management services to customers, mainly consisting of bonds, shares and structured products traded on the Turkish markets, with a wide range of products and expertise in investment management, is one of Turkey's leading asset management companies.

A Wide Range of Products Managed by Professionals

In 2018, ÜNLÜ Portföy increased its fund activities, aimed at individual and corporate investors, in line with the strategic targets of ÜNLÜ & Co.

ÜNLÜ Portföy aims to provide superior portfolio management services based on fair pricing, in order to generate high added value for investors, in line with their risk-return preferences. It has expanded its product range with variable, stock and debt instruments, free investment funds and real estate investment funds.

With the Stock-Intensive Fund it established in 2018, ÜNLÜ Portföy offers an investment alternative with high return and relatively high volatility for investors who want to invest long-term in the Turkish stock market. A short-term debt instruments fund was offered to investors in 2018 as a more liquid fixed-return investment alternative.

The Fourth Free Fund was established for qualified investors looking for an alternative to deposits which would leverage their foreign exchange savings. The fund invests in public and private sector bonds issued in foreign currencies. Prices are provided in TL and USD.

High Yield

ÜNLÜ Portföy's variable funds with a multi-asset strategy were established for investors with low and medium risk profiles who are used to guiding savings deposits and other similar traditional instruments, and they provide the investor with the opportunity to invest in various asset classes according to certain risk criteria. In this way, they aim to provide a return on deposits.

The First Variable Fund managed by ÜNLÜ Portföy was ranked first in the variable funds category by TEFAS in 2018.

Proactive Marketing Strategies Will Bring Innovative Products and Services to a Broader Range of Customers

ÜNLÜ Portföy aims to become the largest independent portfolio company in Turkey, and it diversified its product range in 2018 with new financial instruments and funds. In 2019, it plans to focus on customer visits and marketing activities with the aim of introducing new products to investors and expanding its customer portfolio.



ÜNİÜ PORTFÖY INVESTMENT PRODUCTS

Investment Instrument Type	Investment Instrument Name	Investment Strategy
Variable Funds	First Variable Fund (SUA) Third Variable Fund (SUC)	Allows medium risk profile investors to invest in various asset classes according to certain risk criteria. SUC is designed for more cautious investors, while SUA is designed for investors who can tolerate relatively higher volatility levels with a higher return target in the medium-long term.
Equity Funds	Stock-Intensive Fund (UPH)	An investment alternative with high return and relatively high volatility for investors who want to make long-term investments in the Turkish stock market.
Debt Securities Funds	Short-Term Debt Securities Fund (UPK)	Day-to-day funding facility invests in public and private sector debt instruments with a weighted average maturity of up to 90 days.
Foreign Exchange Funds	Fourth Free Fund (UPD)	This fund is suitable for investors seeking an alternative to deposits for their foreign currency savings. Fund prices are in TL and USD.
Free Funds	Absolute Return Targeted Free Fund (USY)	A fund suited to obtaining long-term and continuous absolute return based on the exploitation of opportunities emerging from different market cycles in markets where Turkish and foreign financial assets are traded. It has the flexibility to benefit from both the medium- and long-term opportunities offered by the market.
	Second Free Fund (UOS)	This fund has a global multi-asset investment strategy and aims to obtain absolute return on USD basis by investing in various instruments in foreign markets.
Real Estate Investment Funds	First Real Estate Investment Fund (UPG)	This fund provides an attractive return to investors by making bulk purchases of discounted real estate projects with high levels of unsold housing and office stock.
	Second Real Estate Investment Fund (UG2)	Real estate investment is a suitable fund especially for qualified investors who are interested in office projects but do not want to deal with transactions such as buying, selling and renting of real estate.

Technology and Operational Services

The Technology and Operational Services Department supports the preparation of ÜNLÜ & Co's new products and services.

In 2018, ÜNLÜ & Co's Information Technologies, Operations, Accounting and Administrative Affairs teams, which had been separate managerial structures, were brought together under a single department for a more efficient, more customer-oriented back-office organisation.

Operations

ÜNLÜ & Co led the way in 2018 in terms of service quality and service level in the following areas of competition, with both existing and newly developed products:

- » Corporate finance operations,
- » Foreign customer shares (ICM) transactions,
- » Structured debt instrument products,
- » Currency swap deposits, currency options,
- » Stock, etf, option and futures transactions in foreign markets through Interactive Brokers LLC (IB), and commodity transactions on the London Metal Exchange through Marex Financial Limited,
- » Pioneering support for the active participation and guidance of new applications within regulatory agencies in the field of Borsa Istanbul Wholesale Trading and Special Order transactions.

In 2018, 12 companies, including Issuer Transactions Debt Instruments products, were served within the scope of a joint responsibility undertaking. Procedural support was provided for transactions at the Central Securities Depository of Turkey while advisory and guidance support were provided for processes at the Public Disclosure Platform, Borsa Istanbul and Takasbank.

Comprehensive work has been carried out on operational efficiency. While the number of transactions increased by 200%, through an approach of continuous improvement, the increase in the number of ÜNLÜ & Co Operations staff was limited to 33%.

Accounting

All of ÜNLÜ & Co's 2018 audit processes (independent auditing, tax, CMB) were completed successfully without issue.

In addition, accounting infrastructure regulations related to all new products and applications were implemented rapidly throughout the year.

Information Technologies

ÜNLÜ & Co carried out the following activities in the field of information technologies in 2018:

- » With the safest approach to current business continuity and emergency solutions, standards have been set above sector requirements and preparations have been started to meet these.
- » The system and network structure have been updated to provide the most modern, productive environment, and more flexible, faster technologies have been introduced.
- » While renewing the IT security structures, high security measures were implemented to prevent malicious attacks.
- » Web-based flows developed within the Group were implemented in support processes that will provide increased service speed and agility to customers.
- » Network and system solutions were implemented in order to increase the processing speed on various trading platforms (within and outside the Group).
- » Intranet was redesigned; providing a crucial platform for the enhancement of internal communications.
- » The planned activities were completed in line with the continuous improvement approach in order to increase automation in all Group processes.



Transformation

“Transformation” function was established in 2018. It will be one of the most important competitive advantages that will carry ÜNLÜ & Co into the future. While still under construction, the scope of this function includes:

- » The implementation of a dynamic staff management model for effective workforce planning in back-office teams,
- » Work on quick improvement through problem-based process analysis,
- » Introduction of a service optimisation model so that employees can benefit from support services more effectively,
- » Work to identify automation opportunities in business processes.

200%

Increase in the Number of Transactions

In 2018, extensive work was carried out on operational efficiency. While the number of transactions increased by 200%, the increase in the number of ÜNLÜ & Co staff was limited to 33%.

Human Resources

Employees are offered customised training programs in line with the human resources strategy.

The Human Resources Department steers the activities of ÜNLÜ & Co in accordance with its vision of being the leading financial institution in the region, and its policies covering performance management, training, salary and benefits are updated in parallel with technological developments and the latest trends. The goal is to create a fair working environment that is sensitive to the needs and demands of employees while supporting their training and development.

The most important driver in achieving corporate goals is having high-quality human resources, and performance management is one of the most key elements in motivating high-quality team. Leadership, teamwork, goal orientation, adaptation to the corporate culture, and creativity are recognised as the key elements of outstanding performance.

As part of ÜNLÜ & Co's restructuring in 2018, an Executive Committee was built in order to align business methods and targets in line with international standards, and to implement a simple yet agile management approach. This newly created structure will provide a platform for sharing internal management responsibility.

The Human Resources Department has been restructured to operate more effectively and efficiently in parallel with the evolving mission and development of ÜNLÜ & Co. HR organization is separated functionally according to the areas of expertise such as recruitment, partnerships, salary and benefits.

Furthermore, the standardisation of processes has been introduced for transferring experience and expertise from personal memory to corporate one while establishing a common culture.

In line with the Human Resources strategy, employees are provided with the opportunity to develop through personalised programs designed to improve their competencies, strengthen their loyalty and increase their productivity.

The ÜNLÜ & Co Promotion Committee was set up to carry out the objective evaluation and rewarding of employee contributions to the company's success. It consists of EXCO members and the related business unit manager. In this scope, promotion decisions are made, taking into account criteria such as performance targets, competency assessment and relevant experience.

The Human Resources Department is aware that attracting, developing and retaining talent in the institution can only be achieved through successful HR practices. Within the scope of 2018 investments, work was started to strengthen the HR system and infrastructure. Projects have been implemented to reach measurable, convenient, effective and digital application standards with the latest technology.

The 2019 HR strategy is based on maintaining and promoting the status and standards of ÜNLÜ & Co.

Our Employees are Our Primary Stakeholders

ÜNLÜ & Co starts by acknowledging the fact that each of its employees is also stakeholders, and so seeks to increase the loyalty of its employees through share and option rights in the company. This makes it possible for employees to become true partners in the company, and ÜNLÜ & Co aims to grow together with them.



Career Development and Coaching

In 2016, the Human Resources Department initiated the Leadership Coaching Program in order to prioritise the leadership identities of ÜNLÜ & Co executives, with the awareness that the most important driving force of positive corporate change is the managers who lead it.

The Senior Management is included in the Leader Coaching Program in order to improve coaching skills and to spread a common management culture at all levels of the company. The program began with the Board of Directors, but is now more widespread, available to all managers who wish to participate. This program is also used in the directorial promotion process.

Employee Training

In order to maintain its sustained growth performance, ÜNLÜ & Co defines one of its key values as retaining employees, for those who can offer a wide perspective and incisive vision while being eager to innovate. Training programs are designed by Human Resources or requested by the relevant departments as a result of needs analyses. The aim is to maintain a highly qualified staff with developed competencies and continuously improving productivity.

In addition to this, financial support is provided to staff as they take on compulsory training and earn diplomas and further qualifications which contribute to their enhanced performance.

Management Trainee Program

The ÜNLÜ & Co Management Trainee (MT) Program is an exclusive executive development program for staff with graduate and postgraduate degrees.

Within the scope of the program, training is provided to prospective managers by existing managers within different departments of the company, as well as external consultants.

The program includes various objectives such as introducing candidates to the company's departments and business models and giving them a perspective on the company culture and working environment. They are also expected to work in four different departments on three-month rotations.

In 2018, 100 successful candidates were accepted on the MT Program from more than 2,000 applicants. Graduates of the MT Program come from some of Turkey's and the world's leading institutions, including the University of Oxford, Pennsylvania, the London School of Economics, King's College London, Cornell University, Virginia, Purdue, Koç University, Sabancı University and Boğaziçi University.

Those who successfully complete the MT program at the end of the year are assigned to the business functions that match their skills and the needs of the company.

The Human Resources Department plans to introduce a different perspective to talent acquisition in 2019.

In this context, employer branding work will focus more on campus activities. The monitoring of trends in the expectations of young people and starting the MT procurement process with the talent camp phase will form the foundation of this new perspective.

The MT Program aims to introduce participants to the different departments and business models of ÜNLÜ & Co.

Internship Program for University Students

Internship opportunities are provided to third- and fourth-year students, particularly from leading overseas universities, as well as Boğaziçi, Koç and Sabancı universities.

Students are offered two different internship programs in parallel with the academic calendar and summer period. Interns are expected to participate at least three days of week during semesters, and full-time during the summer break.

Final year students who successfully complete their internship are moved to the MT process if they so wish.

In 2018, out of the 30 interns who completed internships within the group, 23% were from overseas universities, while 30% and 14% were from Boğaziçi and Koç universities respectively. The remaining 33% were from other respected universities across Turkey.

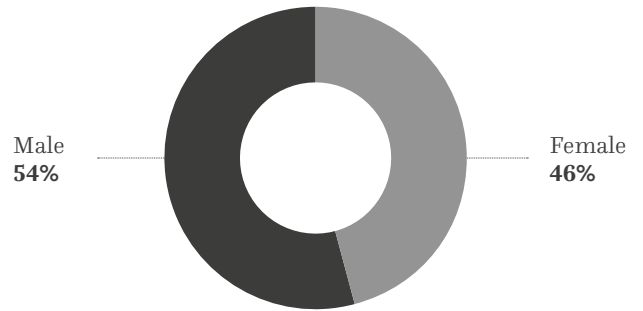
Onboarding Process

In 2018, the onboarding process was initiated in order to strengthen the recruitment experience of employees, and to increase employee loyalty.

ÜNLÜ & Co Employee Profile

ÜNLÜ & Co employs young talent as well as experienced professionals in the field of investment banking advisory and asset management, and in 2018 it had a staff of over 350.

Distribution of Employees According to Gender



ÜNLÜ & Co employee key statistics:

» 46% female, 54% male

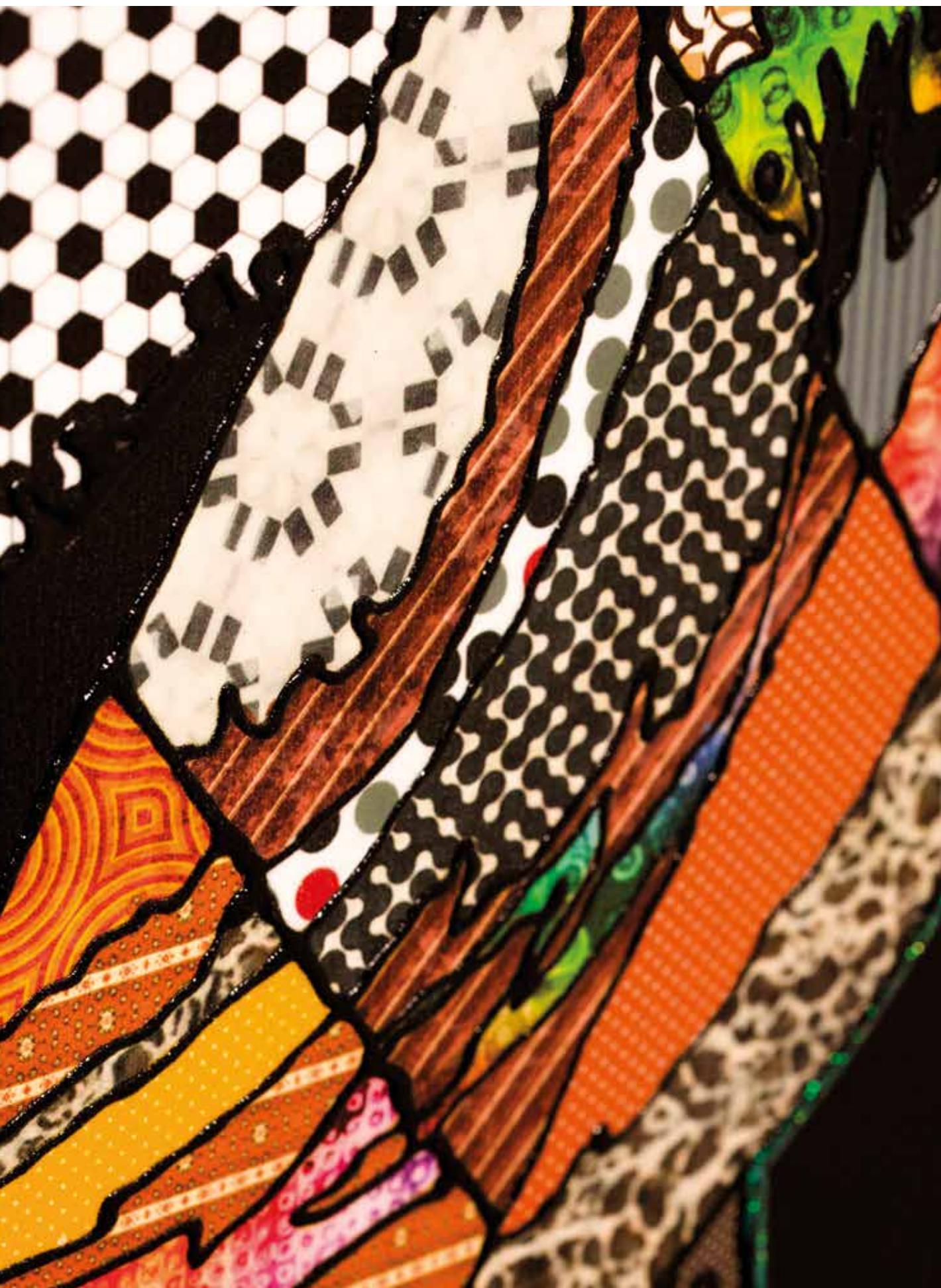
» Average age: 35

» Average term of office: 5 years

* 55% hold graduate degree, 16% hold a postgraduate degree, 29% hold other qualifications.

ÜNLÜ & Co implements a management approach that supports women's participation in business life at all levels. As a result, it has achieved equality in women's employment and strives to place female candidates in appropriate positions.

At ÜNLÜ & Co, women account for 45% of managerial and senior positions.



Corporate Communications and Marketing

ÜNLÜ & Co aims to increase social awareness through the corporate social responsibility projects it has developed and supported.

ÜNLÜ & Co focuses on creating value for the Turkish economy, financial sector and stakeholders. It makes every effort to promote the wide range of products and services it offers through its internal and external communications. Through the Corporate Communications activities, it conducts in support of its marketing strategies, the goal is to manage interaction with all stakeholders in the most effective manner.

As ÜNLÜ & Co has been able to grow continuously with its experience and entrepreneurial spirit in local markets, the Corporate Communications and Marketing Department has contributed to reputation management by promoting the added value created by the company over many years to the public through its communication and marketing activities.

Press Relations, Public Relations, Internal Communication, Event Management, Corporate Social Responsibility & Sponsorships, Brand Management, Media Purchasing and Digital Marketing departments all serve under the roof of the Corporate Communications and Marketing Department.

CORPORATE SOCIAL RESPONSIBILITY PROJECTS

ÜNLÜ & Co supports initiatives to achieve sustainable, ethical results in three main areas: entrepreneurship, women and education.

In addition to the corporate contributions and sponsorships provided by its corporate social responsibility projects, ÜNLÜ & Co leaders play an active role as mentors by providing training and seminars in these projects and making personal contributions to increase social awareness.

ENTREPRENEURSHIP

Turkish Entrepreneurship Foundation (TEF)

Founded by Turkey's leading entrepreneurs and opinion leaders, TEF aims to promote a culture of entrepreneurship, and to leverage this entrepreneurship in the attainment of the country's long-term development goals.

TEF's Fellow Program allows young people to meet with entrepreneurs and experience entrepreneurship through participation in various entrepreneurship activities. It also provides them with the opportunity to develop networks and take inspiration from role models. The purpose of the Fellow Program is to enable young people to leave their mark on the world of business in their own way. In its first year, the program received 6,400 applications. This grew year-on-year to 30,000, 61,000 and 94,000 in its second, third and fourth years, respectively. In 2018, it received 112,000 applications from across Turkey's 81 provinces. It currently has 68 Fellows and 146 Alumni graduates from 36 universities. As of today, the Entrepreneurship Foundation continues its activities with 52 start-ups. In addition to the Fellow Program, the Entrepreneurship Foundation promotes a culture of giving back to the community by conducting various projects and producing information on specific topics.

ÜNLÜ & Co Board Member Şebnem Kalyoncuoğlu Ünlü is a member of the board of trustees of the Foundation and shares her own experiences and provides guidance to young people at TEF Fellow UP events.

www.girisimcilikvakfi.org



Endeavor Foundation

Launched in 1997, Endeavor has established a presence in nearly 40 markets across Latin America, Asia, Africa, Middle East, and underserved areas of Europe and the United States. Endeavor is a mission-driven, global organization leading the high-impact entrepreneurship movement.

Endeavor was founded on the belief that job creation, innovation, and overall prosperity flourish where there is robust support for high-impact entrepreneurs. Endeavor defines high-impact entrepreneurs as those with the biggest ideas; the greatest potential to achieve meaningful scale; and the ability to inspire, mentor, and reinvest in the next generation. Today's high-impact entrepreneurs often innovate through tech-enabled platforms, products, and services, thereby creating the jobs of the future.

For a carefully curated group of these entrepreneurs ("Endeavor Entrepreneurs"), Endeavor offers a best-in-class seal of approval, an unrivaled personal and professional network, frictionless co-investment capital, and peer-to-peer idea exchange in a truly global setting. Endeavor also serves as a global thought leader, demonstrating why high-impact entrepreneurship matters and how important innovations can come from anywhere in the world.

Successful high-impact entrepreneurs generate a multiplier effect: Young people everywhere, regardless of birthplace or background, hear their stories and begin to believe that they too can dream big, scale up, and pay their success forward.

Women Entrepreneurs Association of Turkey (KAGİDER)

KAGİDER is a non-governmental organisation that aims to empower women through entrepreneurship. It aims to empower women not only economically, but also politically and socially too.

Since its establishment, it has been developing and carrying out projects and work to this end together with a host of stakeholders from the public, private sector and civil society, at local, national and international levels. KAGİDER has approximately 300 members and provides education, guidance and mentoring support to facilitate the empowerment of female entrepreneurs in line with its vision and mission. It strives to strengthen the economic position of women and advocates for equal opportunities for both genders.

ÜNLÜ & Co participates in developing the young women leaders of the future, and it has been a supporter of KAGİDER since 2014.

www.geleceginlidersleri.org

ÜNLÜ & Co supports the participation of women in business life at all levels of its Group companies.

WOMEN

Supporting women's participation in business life at all levels of the Group has been a priority of ÜNLÜ & Co since its establishment. It has taken great care to provide equal conditions for female employees through a proactive approach in the recruitment and promotion processes. It will continue to support women in all areas and raise awareness on the issue of equality.

HeForShe

In partnership between the UN Global Compact and UN Gender Equality and Women's Empowerment Unit, the Women's Empowerment Principles, launched in 2010, aim to empower women to take part in life in all sectors and at all levels.

ÜNLÜ & Co believes there needs to be an increase in the efficiency of bringing women into economic life for sustainable growth and social welfare. It is committed to addressing women's issues and supporting women in all fields. This is a key focus of its social responsibility approach.

United Nations Women's Empowerment Principles

As a signatory of the UN Women's Empowerment Principles, ÜNLÜ & Co has made seven central commitments:

- » Providing high-level corporate leadership for gender equality,
- » Treating all men and women fairly at the workplace, respecting human rights and principles of non-discrimination, and supporting these principles,
- » Ensuring health, security and prosperity for all women and men,

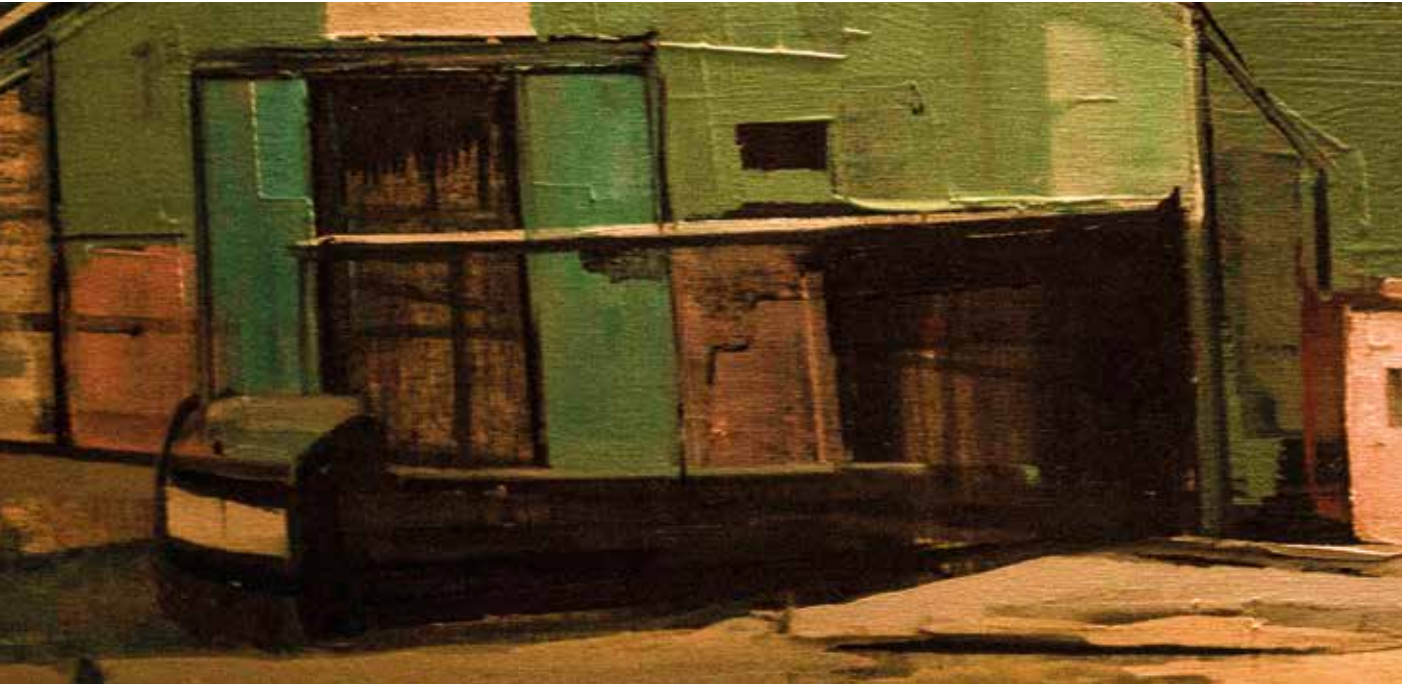
- » Supporting women through education, courses and professional development opportunities,
- » Implementing entrepreneurial development, supply chain and marketing methods that empower women,
- » Encouraging equality through social initiatives and support,
- » Measuring the development to ensure gender equality, and reporting it publicly.

Women on the Board of Directors

The inter-company mentorship program entitled "Women on the Board of Directors" organized by Forbes Magazine contributed to the personal and career development of the female Board Member assigned by program managers, based on the professional experience and knowledge.

Mahmut L. Ünlü has been contributing to this program for the past three years, and continues to provide mentoring every month to his mentee.

ÜNLÜ & Co Managing Director of Corporate Coverage Mrs. Banu Köker works together with Alarko Holding Chairman İzzet Garîh within the scope of Mentor-Mentee Program.



EDUCATION

Koç University Anatolian Scholarship Program

The Anatolian Scholarship Program was initiated by Koç University in 2011 to provide decent education opportunities to students who, despite their success, cannot attend school due to financial difficulties. The Program continues and grows with the contributions of grantors.

ÜNLÜ & Co is a member of this program that enables young people to get a decent education. The Group provides scholarship support to a student at Koç University Department of Computer Engineering and Archaeology, who continues her education successfully thanks to the Anatolian Scholarship Program.

anadolubursiyerleri.ku.edu.tr

Robert College Scholarship Program

The Robert College Scholarship Program provides life-long educational support to students with the support of Robert College graduates and volunteers.

Since 2014, ÜNLÜ & Co has been contributing to this area to ensure that young people get a decent education and grow up as individuals beneficial to the society and their country. A “lifetime” scholarship has been established on behalf of ÜNLÜ & Co.

webportal.robcol.k12.tr

The Duke of Edinburgh Fellowship Program

The Duke of Edinburgh’s International Award Fellowship is a personal development program for young people. The program aims to equip young people with the skills that will enable them to stand out in society they live and around the world. The program was launched in 1987 and has 400 active grantors and members from 42 countries.

Having signed a five-year agreement for the Award Fellowship in 2015, ÜNLÜ & Co provides financial support the program.

www.intaward.org

Turkish Foundation for Children in Need of Protection (Koruncuk Foundation)

Founded in 1979, the Koruncuk Foundation aims to establish and maintain “Children’s Villages” for children who have no families or whose personal existence are at risk so that they can live to have a healthy development in a family environment, receive education and training, develop their personal skills.

Every year, ÜNLÜ & Co regularly contributes to the Koruncuk Foundation with its volunteers and donations with intend to cover the costs of education, healthcare and maintenance. The Foundation in turn runs the “Children’s Village” in Koruncukköy, Bolluca, where 153 children in need of protection are raised in a loving environment.

www.koruncuk.org

ÜNLÜ & Co continues to encourage women to participate in business life. Its Women Entrepreneurs Academy, which is celebrating its third year, has graduated 60 women.

ÜNLÜ & Co WOMEN ENTREPRENEURS ACADEMY

ÜNLÜ & Co established the Women Entrepreneurs Academy in 2016 in collaboration with GİRVAK and Endeavor Turkey. The academy aims to train and support 100 women entrepreneurs over five years, bringing more women into the entrepreneurial ecosystem.

Through the Academy, ÜNLÜ & Co's senior management, the Chairman of the Board and other Board Members in particular, provide guidance and expertise to women who are in the process of implementing their business idea or who are already running a business. This transfer of know-how and experience across generations empowers these women entrepreneurs and helps them contribute to the economy.

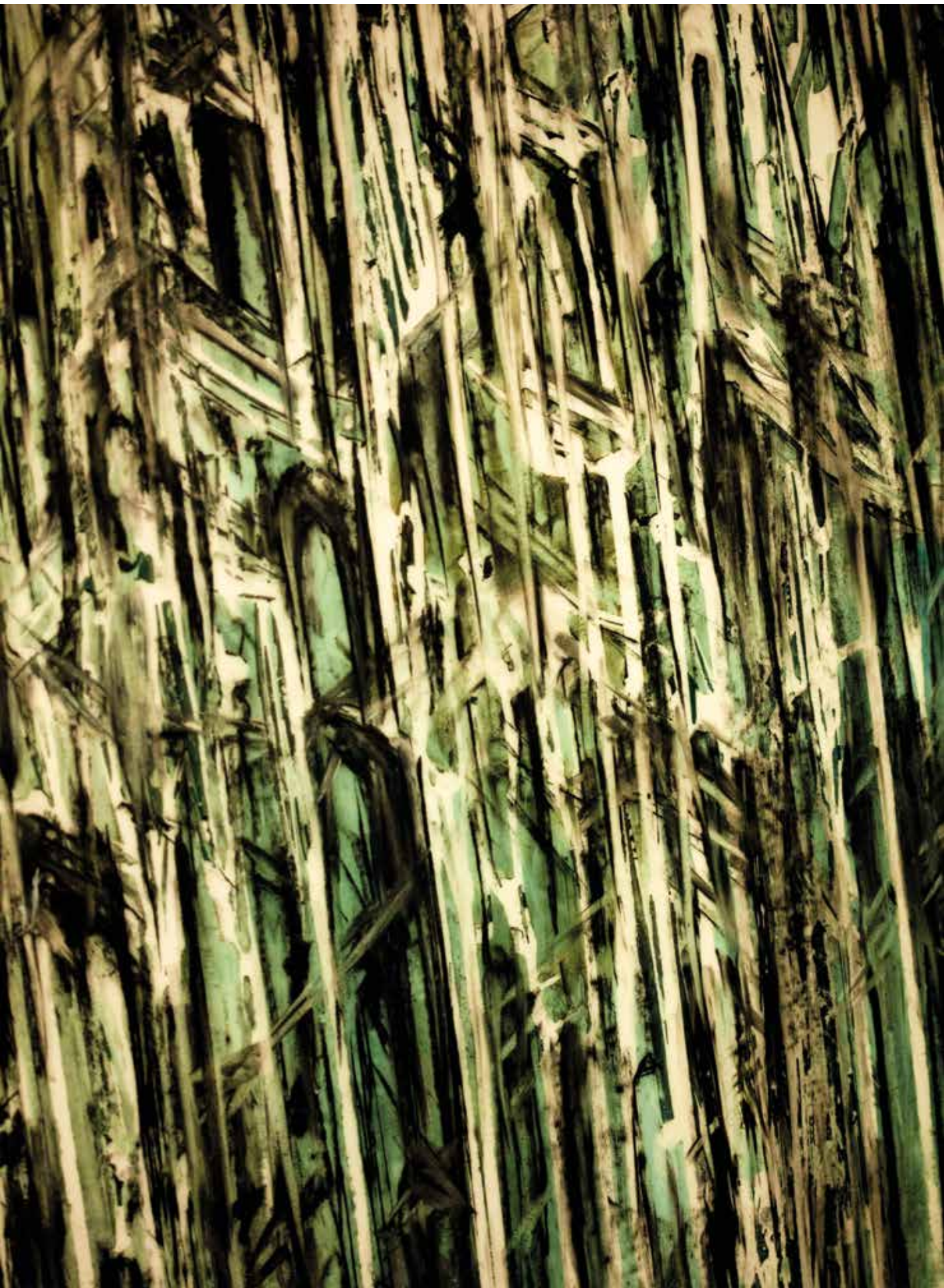
Each year, the Academy provides 20 women entrepreneurs trainings in the central areas an entrepreneur needs competence in, from financial literacy to leadership and human resources management, from establishing a business plan to operational processes.

The Women Entrepreneurs Academy is celebrating its third year, and 60 women have graduated to date. ÜNLÜ & Co is immensely proud to have supported these women's participation in business life.

This year, for the first time ÜNLÜ & Co Women Entrepreneurs Academy participants had the chance to meet investors and share their stories at the Keiretsu Forum's Turkish New Year's Eve event. The Keiretsu Forum has long been a supporter of the Women Entrepreneurs Academy.

ÜNLÜ & Co CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In 2016, ÜNLÜ & Co's Corporate Social Responsibility Committee was established upon the request of its employees, with the support of the company. In 2018, the Committee made commitments to the projects selected by its employees and has recently been a supporter of the Spinal Cord Injury Association of Turkey.



ÜNLÜ Yatırım Holding Board of Directors



MAH MUT L. ÜNLÜ **Chairman**

Mahmut L. Ünlü graduated from Georgia Institute of Technology, Mechanical Engineering Department in 1989 and received an MBA degree from Rice University (Houston, USA) in 1991. He started his professional career at İktisat Bankası, and then moved to Yatırım Bank, serving as Assistant General Manager there from 1992 to 1995. In 1996, Ünlü cofounded Dundas Ünlü and then formed a strategic partnership with Standard Bank in 2007, renaming the company Standard ÜNLÜ, where he served as Deputy Chairman and CEO. He was also a member of the International Executive Committee of Standard Bank. In 2012, Ünlü formed ÜNLÜ & Co to acquire major stake in Standard ÜNLÜ as well as to control interests in various asset management businesses. Mahmut L. Ünlü currently serves as Chairman and CEO of ÜNLÜ & Co. He is also the Chairman of ÜNLÜ Menkul Değerler A.Ş., on behalf of ÜNLÜ Yatırım Holding A.Ş.



CAN ÜNALAN **Deputy Chairman**

Can Ünalán graduated from İstanbul University, Department of Business Administration in 1985, majoring in Finance. He received an MBA degree from Marmara University in 1986. Mr. Ünalán started his banking career at İşbank in the Audit Department in 1986 and then worked at ABN AMRO Bank between 1993 and 2006, holding positions that included Head of the Credit Department and COO (Chief Operating Officer). During his secondment at ABN AMRO as CRO (Chief Risk Officer), he also was appointed as ABN AMRO Securities CEO and Board Member. In 2006, Mr. Ünalán joined Garanti Bank on behalf of GE Capital Global Banking, serving as Managing Director in charge of the Corporate and Commercial Risk Unit. In addition, he sat on the Credit Committee as GE Representative. Before joining ÜNLÜ & Co, Mr. Ünalán was the Turkey CEO of Mubadala GE Capital. Currently, he is the Deputy Chairman of ÜNLÜ & Co and General Manager of ÜNLÜ Menkul Değerler A.Ş.



ŞEBNEM KALYONCUOĞLU ÜNLÜ
Board Member

Şebnem Kalyoncuoğlu Ünlü received her Bachelor's degree in Business Administration from Boğaziçi University in 1995 and her Master's degree in International Accounting and Finance from London School of Economics in 1996. Ünlü started her professional career at ABN AMRO Bank in Turkey, where she worked in the Structured Finance Department between 1996 and 1999. Subsequently, she joined the London office of Credit Suisse in 1999, covering Turkey within the Emerging Markets Division. Ünlü went on to work at Credit Suisse, serving as Turkey Country Manager and Head of Investment Banking in London until 2006. She then served as CEO at Alkhair Capital Turkey. Currently, Ünlü serves as Executive Board Member at ÜNLÜ & Co. Şebnem Kalyoncuoğlu Ünlü is a member of TÜSİAD, YPO, KAGİDER and a Trustee of the Entrepreneurship Foundation. She is also a member of SAHA and Tate Modern's MENA Committee. Ünlü manages all corporate social responsibility projects at ÜNLÜ & Co. She is especially involved with ÜNLÜ & Co Women Entrepreneurs Academy, which aims to strengthen the entrepreneurial ecosystem in Turkey, and encourage the participation of more women in business.



İBRAHİM ROMANO
Board Member

İbrahim Romano graduated from Boğaziçi University, Department of Economics in 1992 and received his Master's degree from Istanbul University, Department of International Relations in 1993. He worked as Assistant Manager at Yatırım Bank between 1994 and 1996, and as Manager at Dundas Ünlü from 1996 until 2002. Mr. Romano later was appointed Director of the Corporate Finance Department at Standard ÜNLÜ. He currently serves as Managing Director of the Corporate Finance Department at ÜNLÜ & Co. In addition, Mr. Romano is Executive Committee Member in charge of Investment Banking Advisory and Board Member at ÜNLÜ & Co.



SELÇUK TUNCALI
Board Member

Selçuk Tuncalı graduated from Boğaziçi University, Mechanical Engineering Department in 1989. He went on to obtain a degree in International Management from Istanbul University and an MBA degree in Finance from Rice University (Houston, USA) in 1992. Mr. Tuncalı started his professional career as Credit Sales Officer at Interbank and then went on to work at Ticaret Leasing. Subsequently, he served as Head of the Treasury Marketing Unit at Finansbank, and Head of Fixed Income Investments at İktisat Yatırım. Mr. Tuncalı joined ÜNLÜ & Co in 2002, and currently serves as the General Manager of İSTANBUL Varlık, the non-performing loan business of ÜNLÜ & Co. He is also President of the Asset Management Companies Association. Mr. Tuncalı serves as Executive Committee Member in charge of Capital Markets and Asset Management, and Board Member at ÜNLÜ & Co.

ÜNLÜ Menkul Değerler Board of Directors



MAH MUT L. ÜNLÜ **Chairman**

Mahmut L. Ünlü graduated from Georgia Institute of Technology, Mechanical Engineering Department in 1989 and received an MBA degree from Rice University (Houston, USA) in 1991. He started his professional career at İktisat Bankası, and then moved to Yatırım Bank, serving as Assistant General Manager there from 1992 to 1995. In 1996, Ünlü cofounded Dundas Ünlü and then formed a strategic partnership with Standard Bank in 2007, renaming the company Standard ÜNLÜ, where he served as Deputy Chairman and CEO. He was also a member of the International Executive Committee of Standard Bank. In 2012, Ünlü formed ÜNLÜ & Co to acquire major stake in Standard ÜNLÜ as well as to control interests in various asset management businesses. Mahmut L. Ünlü currently serves as Chairman and CEO of ÜNLÜ & Co. He is also the Chairman of ÜNLÜ Menkul Değerler A.Ş., on behalf of ÜNLÜ Yatırım Holding A.Ş.



CAN ÜNALAN **Deputy Chairman**

Can Ünalán graduated from İstanbul University, Department of Business Administration in 1985, majoring in Finance. He received an MBA degree from Marmara University in 1986. Mr. Ünalán started his banking career at İşbank in the Audit Department in 1986 and then worked at ABN AMRO Bank between 1993 and 2006, holding positions that included Head of the Credit Department and COO (Chief Operating Officer). During his secondment at ABN AMRO as CRO (Chief Risk Officer), he also was appointed as ABN AMRO Securities CEO and Board Member. In 2006, Mr. Ünalán joined Garanti Bank on behalf of GE Capital Global Banking, serving as Managing Director in charge of the Corporate and Commercial Risk Unit. In addition, he sat on the Credit Committee as GE Representative. Before joining ÜNLÜ & Co, Mr. Ünalán was the Turkey CEO of Mubadala GE Capital. Currently, he is the Deputy Chairman of ÜNLÜ & Co and General Manager of ÜNLÜ Menkul Değerler A.Ş.

**ATTILA KÖKSAL, CFA****Board Member**

Attila Köksal graduated from Boğaziçi University, Department of Mechanical Engineering in 1983 and received an MBA degree from Drexel University (Philadelphia, USA) in 1985. From 1991 to 1996, he served as General Manager at Inter Yatırım A.Ş.; he was CEO at the same company between 1996 and 2001. From 2002 until 2013, Attila Köksal served as General Manager at Dundas Ünlü, which later became Standard ÜNLÜ and finally ÜNLÜ & Co. He is currently a Board Member at ÜNLÜ Menkul Değerler A.Ş. In previous years, Mr. Köksal also served as Chairman of the Board of Directors at the Capital Markets Association and Board Member at CFA Institute. He is also the Vice President of FODER and Board Member of WWF Turkey.

**ZAFER ONAT****Board Member**

Zafer Onat graduated from Istanbul University, Department of Economics in 1993 and received an MBA degree from Koç University in 1998. He served as CEO at Ege Portfolio Management between 1998 and 2000. Mr. Onat continued his career as CEO at Finans Portfolio Management from 2000 to 2007, and then at Finans Investment between 2007 and 2012. Zafer Onat was the CEO of Burgan Investment from 2012 until 2015. He has been serving as Managing Director and Board Member at ÜNLÜ Menkul Değerler A.Ş. since 2015.

Executive Board



From Left to Right: Selçuk Tuncalı (Non-Performing Loans, Fund and Portfolio Management, Capital Markets), Elif Özer (Human Resources), Evin Tümay (COO), Mahmut L. Ünlü (Chairman and CEO), Can Ünalın (Deputy Chairman and General Manager), Utku Özay (ÜNLÜ Alternatives Asset Management), İbrahim Romano (Investment Banking Services), Gamze Akgüney (DAHA Investment Advisory and Brokerage Services).



Organisational Chart





SELÇUK TUNCALI
Alternative Investments

UTKU ÖZAY
Alternative Investments

ELİF ÖZER
Human Resources

EVİN TÜMAY
Chief Operating Officer

Corporate Governance and Risk Management Policies

The Compliance Department produces policies in response to compliance risks that ÜNLÜ & Co group companies may be exposed to.

Corporate governance is the practice of maintaining relationships between the board, partners, employees, suppliers and the community—in other words, all stakeholders—and ensuring that those relationships are conducted in accordance with the principles of equality, transparency, accountability and responsibility. Since ÜNLÜ & Co Group companies are not traded on the stock exchange, they have no obligation to produce Principles of Corporate Governance Compliance Reports. However, ÜNLÜ & Co does endeavour to carry out its work in compliance with principles of corporate governance.

Transparent disclosures are made through the Trade Registry, press releases and announcements, and announcements on ÜNLÜ & Co's corporate website, and in annual reports containing its audited financial statements.

Departments within the scope of ÜNLÜ & Co's internal systems (Internal Audit, Internal Control, Compliance and Risk Management) are under the ultimate responsibility of the Board of Directors, and they carry out the necessary quantifying, evaluation and reporting activities.

Management and monitoring of compliance risk, is defined as the risk of being subject to legal sanctions, financial loss or loss of reputation as a result of non-compliance with applicable laws, regulations, codes of conduct or good practice standards. These tasks are carried out by the Compliance Department.

The Compliance Department develops policies for compliance risks that ÜNLÜ & Co Group companies may be exposed to, and regularly reviews and updates these policies in parallel with changes in legislation, operations and market conditions, and also monitors their implementation.

ÜNLÜ & Co regularly reviews all business areas and potentially high-risk compliance issues that it could be exposed to within the framework of its risk-based approach and takes the necessary measures as a result of these reviews.

Taking great care to act fairly and honestly while also taking into consideration the interests of its customers and the integrity of the market as it conducts its activities, ÜNLÜ & Co implements necessary administrative measures by creating an organisational structure to prevent possible conflicts of interest.

The Compliance Department also fulfils the obligations of the ÜNLÜ & Co Group to comply with the legislation on the Prevention of Laundering Proceeds of Crime, Financing of Terrorism, and Prevention of Terrorism Financing, and reports the results of the checks and risk monitoring to the Board of Directors regularly.



As they perform their duties, ÜNLÜ & Co Group employees take into account the Handbook on Compliance with Regulatory Authorities and the Code of Conduct, which reflect all the policies of ÜNLÜ & Co regular training is provided in this regard.

ÜNLÜ & Co's risk management approach covers the identification, measurement, evaluation, monitoring and mitigation of risks that it may be exposed to/is exposed to, independently of the executive units. At a basic level, the Risk Management Department carries out proactive control and management activities for the market, credit, liquidity and operational risk classes. Responsibility and accountability in relation to these risks are at the discretion of the executive business lines. ÜNLÜ & Co aims to understand the internal risks of its business lines and to reduce those risks in line with the Group's risk tolerance and takes into account the possible risk and return dimensions in corporate business decisions. By drawing the lines around risks to be taken in accordance with ÜNLÜ & Co's risk appetite, the Senior Management determines the limits of ÜNLÜ & Co and takes the necessary actions to monitor and control those limits.

ÜNLÜ & Co's Internal Audit & Internal Control Departments provide the necessary assurance to the Board of Directors regarding the functioning, reliability of accounting and financial reporting system, pertinence of internal controls and effectiveness of risk management.

Ünlü Yatırım Holding A.Ş. and Its Subsidiaries

*Consolidated Financial Statements as at
and for the Year Ended 31 December 2018
With Independent Auditors' Report Theron*



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Convenience Translation of the Independent Auditor's Report Originally Prepared and Issued in Turkish to English

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ünlü Yatırım Holding Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ünlü Yatırım Holding Anonim Şirketi and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note (b) on the Section 2.D to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

The key audit matter	How the matter was addressed in our audit
<p>The Group's revenue from brokerage activities recognised in the statement of profit or loss and other comprehensive income as "revenue" for the period between 1 January - 31 December 2018 is amounting to TL 1,851,728,508.</p> <p>The Group's revenue mainly consists of income from sale of financial asset, and brokerage commissions.</p> <p>Since revenue is recognised as a result of high volume of transactions, system-automated processes, and use of different methods and parameters in these calculations, revenue recognition was considered to be a key audit matter.</p>	<p>Our procedures performed for testing revenue recognition included below:</p> <ul style="list-style-type: none"> • Evaluating the design, implementation and operating effectiveness of internal controls on revenue recognition process with the assistance of our IT specialists by understanding the Group's revenue process. • Evaluating the appropriateness of the accounting policies applied by the Group management in accordance with TFRS. • In order to test the revenue amount recognised appropriately in accordance with TFRS, comparing the transaction details with the supporting documents obtained for the transactions on sample basis during the reporting period. • Performing expectation analysis for income from sale of financial asset and brokerage commissions.



Valuation of receivables to be liquidated

Refer to Note (d) and Note (e) on the Section 2.D to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for valuation of receivables to be liquidated.

The key audit matter

As at 31 December 2018, the Group has receivables to be liquidated amounting to net TL 190,399,430.

Determining the future cash flow projections of receivables to be liquidated and discount rates used in net present value calculations requires a significant management judgement.

The valuation of receivables to be liquidated was considered to be a key audit matter, due to the significance of estimates and assumptions of the management that may affect the amount of the receivables to be liquidated.

How the matter was addressed in our audit

Our procedures performed for testing valuation of receivables to be liquidated included below:

Evaluation of design, implementation and operating effectiveness of the controls on the determination of future cash flow projections of receivables to be liquidated.

Inquiry with management and obtaining supporting evidence related to future cash flow projections.

Testing existence and accuracy of collections occurred in the current period by selecting samples related to the receivables to be liquidated.

Testing net present value amounts recognised in the financial statements by recalculating using the discount rates determined in the initial recognition of these cash flow projections.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2018 and 31 December 2018, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative



25 April 2019
İstanbul, Türkiye

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Ünlü Yatırım Holding A.Ş.

Consolidated Statement of Financial Position as at 31 December 2018 (Balance Sheet)

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

		Audited	Audited
	Notes	31 December 2018	31 December 2017
ASSETS			
Current assets			
Cash and cash equivalents	5	326,760,595	207,942,685
Financial investments	6	30,282,240	22,316,007
Derivatives instruments	28	553,011	118,461
Trade receivables	8	190,399,430	155,105,187
- Trade receivables due from related parties	4	2,090,032	620,081
- Trade receivables due from other parties	8	188,309,398	154,485,106
Other receivables	9	45,756,217	21,345,672
- Other receivables due from related parties	4	313,543	317,516
- Other receivables due from other parties	9	45,442,674	21,028,156
Current income tax assets	25	5,173,876	533,998
Prepaid expenses	10	4,309,318	953,154
Other current assets	11	2,321,069	1,123,638
Assets held for sale	12	49,226,690	2,859,441
TOTAL CURRENT ASSETS		654,782,446	412,298,243
Non-current assets			
Financial investments	6	2,651,763	1,517,254
Investments accounted through equity method	7	18,546,063	67,079,257
Other receivables	9	125,324	82,857
Property and equipment	14	3,707,385	3,843,443
Intangible assets		30,621,393	30,622,717
- Goodwill	15	29,198,326	29,198,326
- Other intangible assets	15	1,423,067	1,424,391
Deferred tax assets	25	4,552,674	4,747,432
TOTAL NON-CURRENT ASSETS		60,204,602	107,892,960
TOTAL ASSETS		714,987,048	520,191,203

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

Consolidated Statement of Financial Position as at 31 December 2018 (Balance Sheet)

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

	Notes	Audited 31 December 2018	Audited 31 December 2017
LIABILITIES			
Short term liabilities			
Short term liabilities	13	177,641,895	152,504,905
- Short term liabilities due to related parties	4	22,849,608	16,254,868
- Short term liabilities due to other parties	13	154,792,287	136,250,037
Trade payables	8	238,194,584	82,560,178
- Trade payables due to related parties	4	21,589,205	35,615,313
- Trade payables due to other parties	8	216,605,379	46,944,865
Other payables	9	10,122,126	7,000,345
- Other payables due to related parties	4	219,453	75,963
- Other payables due to other parties	9	9,902,673	6,924,382
Current income tax liabilities	25	--	994,108
Short term provisions		13,467,987	8,741,626
- Provisions	16	1,418,109	1,229,408
- Provisions for employee benefits	18	12,049,878	7,512,218
Other short term liabilities	11	1,888,098	583,446
TOTAL SHORT TERM LIABILITIES		441,314,690	252,384,608
Long term liabilities			
Long term liabilities	13	64,670,898	64,055,424
- Long term liabilities due to related parties	4	27,642,068	28,624,693
- Long term financial liabilities due to other parties	13	37,028,830	35,430,731
Long term provisions		2,308,106	1,637,521
- Provisions for employee benefits	18	2,308,106	1,637,521
Deferred tax liabilities	25	16,637,285	17,768,649
TOTAL LONG TERM LIABILITIES		83,616,289	83,461,594
SHAREHOLDERS' EQUITY			
Equity attributable to owners of the parent		190,137,184	184,466,721
Share capital	19	137,730,842	37,960,531
Repurchased shares	19	(2,263,322)	--
Share premium	19	--	75,239,607
Other comprehensive expenses that will not be reclassified to profit or loss		(107,996)	344,288
- Remeasurement losses of defined benefit plans	19	(107,996)	344,288
Other comprehensive income that will be reclassified to profit or loss		34,899,520	21,800,015
- Currency translation differences	19	33,813,485	20,713,980
- Revaluation gain on financial assets at fair value through other comprehensive income		1,086,035	1,086,035
Retained earnings	19	24,591,576	29,299,432
Net income for the period	19	(4,713,436)	19,822,848
Non-controlling interests	30	(81,115)	(121,720)
TOTAL SHAREHOLDERS' EQUITY		190,056,069	184,345,001
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		714,987,048	520,191,203

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

Ünlü Yatırım Holding A.Ş.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2018

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

	Notes	Audited 1 January – 31 December 2018	Audited 1 January – 31 December 2017
PROFIT OR LOSS			
Sales		1,851,728,508	1,278,839,343
- Sales	20	1,705,175,527	1,176,159,188
- Service income	20	151,839,887	102,751,964
- Deductions from services income (-)	20	(5,286,906)	(71,809)
Cost of sales (-)	20	(1,699,497,684)	(1,170,070,785)
Gross profit		152,230,824	108,768,558
Marketing, selling and distribution expenses (-)	21	(4,144,061)	(4,750,660)
General administrative expenses (-)	21	(116,996,769)	(88,282,226)
Other operating income	22	1,581,962	407,255
Operating profit		32,671,956	16,142,927
Share of profit of investments accounted for using the equity method	7	(23,347,056)	24,910,384
Profit before financial expenses		9,324,900	41,053,311
Financial income	23	78,935,447	46,694,057
Financial expenses (-)	24	(93,240,211)	(61,337,886)
Profit before tax from continuing operations		(4,979,864)	26,409,482
Tax expense from continuing operations			
- Tax expense for the period	25	(3,392,455)	(1,732,096)
- Deferred tax expense	25	3,701,962	(4,887,288)
Profit from continuing operations		(4,670,357)	19,790,098
Profit attributable to:			
Equity holders of the parent		(4,713,436)	19,822,848
Non-controlling interests		43,079	(32,750)
Net income for the period		(4,670,357)	19,790,098
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss		(454,758)	529,416
Remeasurement gains of defined benefit plans		(558,856)	662,813
Deferred tax expense		104,098	(133,397)
Items that will be reclassified to profit or loss		13,099,505	4,052,794
Change in fair value of financial assets at fair value through other comprehensive income		--	175,683
Change in fair value of financial assets at fair value through other comprehensive income, tax effect		--	(35,137)
Currency translation differences		15,971,356	3,912,248
Currency translation differences, tax effect		(2,871,851)	--
Other comprehensive income		12,644,747	4,582,210
Total comprehensive income		7,974,390	24,372,308
Total comprehensive income attributable to:			
Equity holders of the parent		7,933,785	24,404,629
Non-controlling interests		40,605	(32,321)
Total comprehensive income		7,974,390	24,372,308

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

Ünlü Yatırım Holding A.Ş.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2018

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

Attributable to owners of the parent												
Other accumulated comprehensive income not to be classified in profit or loss					Other accumulated comprehensive income to be classified in profit or loss							
Notes	Paid capital	Repurchased shares	Share premium	Remeasurement losses/profits of defined benefit plans	Revaluation gain on financial assets at fair value through other comprehensive income	Currency translation differences	Retained earnings	Net income for the period	Equity of the parent	Non-controlling interests	Total	
1 January 2017	37,663,341	(88,204)	72,966,880	(184,699)	945,489	16,801,732	26,104,299	4,865,833	159,074,671	(1,350,236)	157,724,435	
Capital increase	19	297,190	--	2,272,727	--	--	--	--	2,569,917	--	2,569,917	
Transfers	19	--	--	--	--	--	4,865,833	(4,865,833)	--	--	--	
Transactions with non-controlling interests		--	--	--	--	--	(1,670,700)	--	(1,670,700)	1,260,837	(409,863)	
Changes due to repurchase shares	19	--	88,204	--	--	--	--	--	88,204	--	88,204	
Net income for the period		--	--	--	--	--	--	19,822,848	19,822,848	(32,750)	19,790,098	
Other comprehensive income	19	--	--	528,987	140,546	3,912,248	--	--	4,581,781	429	4,582,210	
31 December 2017	37,960,531	--	75,239,607	344,288	1,086,035	20,713,980	29,299,432	19,822,848	184,466,721	(121,720)	184,345,001	
1 January 2018	37,960,531	--	75,239,607	344,288	1,086,035	20,713,980	29,299,432	19,822,848	184,466,721	(121,720)	184,345,001	
Capital increase ^(a)	19	99,770,311	--	(75,239,607)	--	--	(24,530,704)	--	--	--	--	
Transfers	19	--	--	--	--	--	19,822,848	(19,822,848)	--	--	--	
Changes due to repurchase shares		--	(2,263,322)	--	--	--	--	--	(2,263,322)	--	(2,263,322)	
Net income for the period	19	--	--	--	--	--	--	(4,713,436)	(4,713,436)	43,079	(4,670,357)	
Other comprehensive income	19	--	--	(452,284)	--	13,099,505	--	--	12,647,221	(2,474)	12,644,747	
31 December 2018	137,730,842	(2,263,322)	--	(107,996)	1,086,035	33,813,485	24,591,576	(4,713,436)	190,137,184	(81,115)	190,056,069	

^(*) As a result of the Ordinary General Assembly meeting of 2017 held on December 25, 2018, the Company's paid-in capital was increased from TL 37,960,531 to TL 137,730,842. The entire amount of the increase is comprised of the freely available internal resources in the financial statements of the Company, the funds allowed by the legislation to be added to the capital, and the extraordinary reserves.

Ünlü Yatırım Holding A.Ş.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2018

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

	Notes	1 January - 31 December 2018	1 January - 31 December 2017
A. Cash flows (used in)/from operating activities		(91,620,258)	(26,507,232)
Net profit for the period		(4,713,436)	19,822,848
Profit from continuing operations		(4,713,436)	19,822,848
Adjustments for to reconcile net income to net cash provided by operating activities			
Adjustments for depreciation and amortization	14,15	1,963,327	1,789,229
Adjustments for provisions		10,138,080	6,011,859
Adjustments for provision for employee benefits		9,949,379	5,846,701
Adjustments for lawsuit provisions	16	188,701	165,158
Adjustments for dividend income	23	(453,929)	(416,043)
Adjustments for interest income and expenses	21	(14,964,333)	(10,579,880)
Effect of exchange rate changes on cash and cash equivalents		(10,752,058)	(12,914,832)
Adjustments for increase in investments accounted through equity method	7	(1,302,173)	(24,910,384)
Adjustments for tax expense		2,562,344	6,619,384
Adjustments to reconcile net income or loss		–	43,755
Operating profit before changes in assets and liabilities:		(17,522,178)	(14,534,064)
Adjustments for (increase)/decrease in trade receivables	8	(35,539,856)	(20,014,583)
- Decrease in trade receivables due from related parties	4	(1,469,951)	(427,494)
- (Increase)/decrease in trade receivables due from other parties	8	(34,069,905)	(19,587,089)
Adjustments for (increase)/decrease in other receivables	9	(24,453,012)	12,770,676
- Decrease in other receivables due from related parties	4	3,973	(162,330)
- (Increase)/decrease in other receivables due from other parties	9	(24,456,985)	12,933,006
Adjustments for (increase)/decrease in other current assets		(4,988,145)	20,434
Adjustments for (decrease)/increase in trade payables	8	155,634,406	(5,956,576)
Adjustments for decrease in other payables	9	3,121,781	1,541,134
- Decrease in other payables due to related parties	4	143,490	(80,745)
- (Decrease)/increase in other payables due to other parties	9	2,978,291	1,621,879
Adjustments for increase/(decrease) in other liabilities		(153,675,160)	7,191,948
Cash flows (used in)/from operating profit			
Employment benefits paid	18	(5,171,653)	(5,807,416)
Taxes paid		(9,026,441)	(1,718,785)
B. Cash flows used in investing activities		8,507,370	13,408,274
Dividend received	23	453,929	416,043
Interest received		15,235,691	10,461,188
Change in restricted deposit	5	(9,898)	2,635,789
Change in financial investments		(5,346,407)	1,833,809
Purchase of property and equipment	14	(1,144,716)	(1,539,941)
Purchase of intangible assets	15	(681,229)	(398,614)
C. Cash flows from/(used in) financing activities		23,489,143	30,876,912
Cash inflows from issuance of instruments based on equity and shares		–	2,569,917
Increase/(decrease) in financial liabilities		25,752,465	31,319,660
(Decrease)/increase in other financial liabilities		–	(2,658,685)
Cash inflows/outflows from acquisition and sales of interest in a subsidiary		–	(442,184)
Cash outflows from the Company's purchase its own shares	19	(2,263,322)	88,204
D. The effect of change in foreign exchange rates on cash and cash equivalents		23,851,562	16,827,080
Net increase in cash and cash equivalents (A+B+C+D)		(35,772,183)	34,605,034
E. Cash and cash equivalents at the beginning of the period	5	127,354,552	92,749,518
Cash and cash equivalents at the end of the period (A+B+C+D+E)	5	91,582,369	127,354,552

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

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

1 ORGANISATION AND NATURE OF OPERATIONS

The establishment of Ünlü Yatırım Holding A.Ş. ("the Company") (Formerly known as "Ünlü Finansal Yatırımlar A.Ş.") was registered on 3 October 2011 and came into effect after Articles of Association were published in the Trade Registry Gazette No. 7915 dated 6 October 2011.

Ünlü Yatırım Holding A.Ş.'s main purposes are to; use its funds to establish new equity companies to engage in investment, financing, organization, and other common service field activities with established or to-be-established companies, organize its activities related to these issues and make commercial investments by participating in the relevant companies' management process, make the necessary attempts to establish partnerships with these companies or third parties, do research and provide consultancy services to its affiliated companies about financial issues, excluding tax-related issues, especially about local and international finance market regulations, but not including investment consulting specified in capital markets regulations, and also about technical matters, planning, programming, budgeting, project design, financial and organizational matters, and firm values, collect investable funds and make use of these funds by investing them in other securities, along with the equity shares that have the capacity and potential to make a profit and which the equity companies have issued or will issue, and provide financing and credit from sources outside the group and engage in the other activities specified in the Articles of Association.

The address of the Company is; Ahi Evran Cad. Polaris Plaza B Blok No: 21 Kat: 1 34485 Maslak, Sarıyer Istanbul.

The Company's share capital is totally paid-in and amounting to TL 137,730,842 which consists of shares with a nominal value of TL 1 each. 84.30% of the Company's shares are owned by Mahmut Levent Ünlü.

Direct subsidiaries of the Company are Ünlü Menkul Değerler A.Ş. ("Ünlü Menkul"), Ünlü Portföy Yönetimi A.Ş. ("Ünlü Portföy"), İstanbul Varlık Yönetim A.Ş. ("İstanbul Varlık"), Ünlü Alternative Asset Management Limited ("UAAM"), Mena Finansal Yatırımlar A.Ş. ("Mena Finans"), Turkish Alternative Investments Limited ("TAIL") and UPE Investments Ltd. ("UPE") details of all direct and indirect subsidiaries were given in the note 2.D.(a).

Ünlü Menkul Değerler A.Ş. was established under the name of Işıklar Menkul Kıymetler A.Ş. on 3 January 1991 in order to carry out operations related to capital markets, in accordance with the Capital Market Law and relevant legislation. After the acquisition of Işıklar Menkul Kıymetler A.Ş. by the shareholders of Dundas Ünlü & Co. Ltd. on 5 June 2012, its name changed to "Dundas Ünlü Menkul Değerler A.Ş. The name was registered on 28 June 2002 and went into effect after being published in the Trade Registry Gazette No. 5609 on 8 August 2002.

The Capital Markets Board accepted Dundas Ünlü Menkul Değerler A.Ş.'s application for share transfer on 9 August 2007. The share transfer process was completed as of 31 August 2007. In addition, it was resolved to change the trade name of Dundas Ünlü Menkul to "Standard Ünlü Menkul Değerler A.Ş."

As a result of, respectively the permission of Capital Markets Board permission No. 2012/35 dated 29 August 2012 and the Extraordinary General Assembly meeting on 30 October 2012, 59,033,300 of Mahmut Levent Ünlü's shares in Ünlü Menkul Değerler A.Ş. and 179,399,700 shares owned by Standard Bank London Holdings Limited, the Company's majority shareholder, were transferred to Ünlü Finansal Yatırımlar A.Ş. In addition, the Company's name was changed to "Ünlü Menkul Değerler A.Ş." in its Articles of Association.

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

1 ORGANISATION AND NATURE OF OPERATIONS (Continued)

With regard to Board of Director's decision dated 24 August 2015 numbered 2015/22 of Ünlü Menkul, Ünlü Menkul's shareholder Standard Bank Group Limited transferred its 25% of shares with nominal amount of TL 2,500,000 each 1 kurus total 250,000,000 registered shares to Ünlü Yatırım Holding A.Ş. The relevant decision was approved at a meeting of the CMB dated 2 October 2015.

Ünlü Portföy (formerly known as Standard Ünlü Portföy Yönetimi A.Ş.) was established in order to carry out activities related to portfolio management in accordance with the Capital Markets Law and related legislation and the company was registered on 27 October 2006 and announced with the trade registry gazette numbered 6674 dated 2 November 2006. Ünlü Yatırım Holding A.Ş., which is the indirect parent company of the Ünlü Portföy purchased 5,000,000 share certificates amounting to TL 5,000,000 nominal value which is owned by Ünlü Menkul Değerler A.Ş., representing the entire amount of the Company's capital with all their rights and obligations on 13 April 2017.

Capital of İstanbul Varlık and its subsidiaries Plato Finans and Plato Teknoloji which belong to Ünlü Menkul Değerler A.Ş. with amount of TL 10,000,000 which has TL 10,000,000 nominal capital amount has been transferred to Ünlü Yatırım Holding A.Ş. which registry number of 792072 with cash paid amount of TL 16,999,996 as the date of 5 August 2016. Related transfer transaction has been registered İstanbul Registry of Commerce as the date of 11 August 2016, related announcement had been made in Turkish Trade Registry Gazette with numbered 9139, as the date of 17 August 2016. Within the year 2017, the capital of İstanbul Varlık has been paid up to 10,000,000 TL and it has been increased to 20,000,000 TL by being provided from extraordinary reserve funds.

Capital of Du Finans which belong to Ünlü Menkul Değerler A.Ş. with amount of TL 250,000 which has TL 250,000 nominal capital amount has been transferred to Ünlü Yatırım Holding A.Ş. which registry number of 792072 with cash paid amount of TL 250,000 as the date of 19 August 2016. According to the decision of the Board of Directors dated 21 November 2016 numbered 2016/24, it was decided that Du Finans' shares would be transferred to İstanbul Varlık together with all assets and liabilities.

UAAM was established on the Isle of Man in 2006. It operates at 33-37 Athol Street Isle of Man. UAAM provides financial consultancy services. As of 1 October 2012, all shares owned by UAAM had been acquired by Ünlü Yatırım Holding A.Ş.

Mena was established in Turkey on 5 July 2012 and operates at Ahi Evran Cad, Polaris Plaza B Blok No: 21 Kat: 1 34398 Maslak, Sarıyer İstanbul. Mena provides financial consultancy services. The Company is the founding shareholders of Mena with 99.99% ownership share. As of 17 March 2014, Mena Finans nominal shares amounting total TL 74,999 were transferred to Şebnem Kalyoncuoğlu Ünlü, and the share rate of the Company decreased to 74.99%.

TAIL was established in Guernsey on 15 August 2014. It operates at 1 Royal Plaza Royal Avenue St Peter Port Guernsey, GY1 2HL. TAIL provides financial consulting services. Ünlü Yatırım Holding A.Ş. is the founder of TAIL, and owns 100% of its shares.

UPE was established in Guernsey on 11 May 2015. It operates at 1 Royal Plaza Royal Avenue St Peter Port Guernsey, GY1 2HL. UPE provides investment consulting services. Ünlü Yatırım Holding A.Ş. is the founder of UPE, and owns 100% of its shares.

For the purposes of the consolidated financial statements, Ünlü Yatırım Holding A.Ş. and its subsidiaries are together referred to as "the Group". As at 31 December 2018, there are 368 (31 December 2017: 327) employees in the Group.

The consolidated financial statements for the year ended 31 December 2018 were approved by the Board of Directors on 22 April 2019. The General Assembly has the authority to amend the approved this consolidated financial statements.

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

A. BASIS OF PRESENTATION

(a) Financial reporting standards and statement of Compliance to TFRS

The accompanying financial statements are prepared in accordance with the Communiqué numbered II-14.1 "Basis for Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013 and in accordance with Turkish Financial Reporting Standards ("TFRS") that have been put into force by Public Oversight Accounting and Auditing Standards Authority ("POA"), pursuant to the article 5 of the Communiqué. TFRS consists of Turkish Accounting Standards by POA, Turkish Financial Reporting Standards, published standards and interpretations as the names of TAS interpretation and TFRS interpretation. The consolidated financial statements are presented in accordance with the TAS Taxonomy published by the POA and the formats specified in the Financial Statements Examples and User Guide published by the CMB.

The consolidated financial statements and notes of the Group are presented in accordance with the formats provided by CMB with the announcement dated 7 June 2013, including the compulsory disclosures.

(b) Standards issued but not yet effective and not early adopted

New standards, interpretations and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group consolidated has not early adopted are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

TFRS 16 Leases

On 16 April 2018, POA issued the new leasing standard which will replace TAS 17 *Leases*, TFRS Interpretation 4 *Determining Whether an Arrangement Contains a Lease*, TAS Interpretation 15 *Operating Leases – Incentives*, and TAS Interpretation 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* and consequently changes to TAS 40 *Investment Properties*. TFRS 16 *Leases* eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts TFRS 15 *Revenue from Contracts with Customers*. The Group does not expect that application of TFRS 16 will have significant impact on its consolidated financial statements.

TFRS Interpretation 23 –Uncertainty Over Income Tax Treatments

On 24 May 2018, POA issued TFRS Interpretation 23 *Uncertainty over Income Tax Treatments* to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. TAS 12 *Income Taxes* specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. TFRS Interpretation 23 provides requirements that add to the requirements in TAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. The Group does not expect that application of these amendments to TFRS Interpretation 23 will have significant impact on its consolidated financial statements.

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(b) Standards issued but not yet effective and not early adopted (Continued)

Amendments to TFRS 9 - Prepayment features with negative compensation

On December 2017, POA has issued amendments to TFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of TFRS 9. Under TFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group does not expect that application of these amendments to TFRS 9 will have significant impact on its consolidated financial statements.

Amendments to TAS 28- Long-term Interests in Associates and Joint Ventures

On December 2017, POA has issued amendments to TAS 28 to clarify that entities also apply TFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of TAS 28. In applying TFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying TAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of TAS 28.

The revised Conceptual Framework

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the POA with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

Amendments to TFRS 4: Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts

TFRS 4 has been amended by POA, to reduce the impact of the differing effective dates of the new insurance contracts standard and TFRS 9. These amendments to TFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying TFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under TFRS 9 and those that would have been reported under TAS 39; or ii) an optional temporary exemption from applying TFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in TAS 39. The Group does not expect that application of these amendments to TFRS 4 will have significant impact on its consolidated financial statements.

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(b) Standards issued but not yet effective and not early adopted (Continued)

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

The following standards, interpretations of and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TAS by the POA, thus they do not constitute part of TAS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TAS.

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

IAS 12 Income Taxes

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

IAS 23 Borrowing Costs

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement -

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group does not expect that application of these amendments to IAS 19 will have significant impact on its consolidated financial statements.

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Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(b) Standards issued but not yet effective and not early adopted (Continued)

IFRS 17 – Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

Amendments to IAS 1 and IAS 8 - Definition of Material

In October 2018 the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 1 and IAS 8.

Amendments to IFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations that seek to clarify this matter. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 3.

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(c) Comparative figures and the reclassification to the financial statements of the prior period

In order to determine the financial status and performance trends, the consolidated financial statements of the Group have been prepared in comparison with the consolidation financial statements of previous periods. The Group prepared its consolidated statement of financial position as of 31 December 2018 in comparison with the consolidated statement of financial position prepared as of 31 December 2017; prepared consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows between 1 January - 31 December 2018 in comparison with 1 January - 31 December 2017. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

(d) Functional and presentation currency

The consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in Group's reporting currency TL.

(e) 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 recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(f) Going concern

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

B. CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

If the changes in accounting estimates are related to only one period, they are reflected to the financial statements in the current period in which the change is made; if they are related to the future period, they are reflected to the financial statements both in the current period in which the change is made and in the future period anticipatorily, as to be taken into consideration in determining the net profit or loss for the future period. The accounting estimates are not changed for the 1 January - 31 December 2018 period.

C. CHANGES IN ACCOUNTING POLICIES

The Group has applied all standards and interpretations effective and applicable on 31 December 2018 and published by the POA. The accounting policies of the Group that have been used in the preparation of the consolidated financial statements for the year ended 31 December 2018, have been applied consistently with those used in the prior year except for the applicable, new and amended TFRSs as of 1 January 2018. The effects of these standards and interpretations on the financial position and performance of the Group are explained in the related paragraphs.

In preparing the financial statements for the year ended 31 December 2018, the Group has started to apply TFRS 9 Financial Instruments standard issued by the POA and TFRS 15 Revenue from Customer Contracts standard for the first time as of 1 January 2018. These standards did not have any significant impact on the financial statements of the Group.

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. CHANGES IN ACCOUNTING POLICIES (Continued)

TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced TAS 18 Revenue, TAS 11 Construction Contracts and related interpretation.

The new standard changes the guidances existed in TAS and establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. The basic principle of the standard is that the entity reflects the amount of the goods or services committed to the customers at an amount that reflects the expected amount of the entitlement to acquire to the financial statements.

The standard is in effect starting from 1 January 2018 and does not have significant impact on the consolidated financial statements.

TFRS 9 Financial Instruments

TFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The details of significant new accounting policies and the impact and nature of changes in prior accounting policies are set out below.

Classification and measurement of financial assets and liabilities

IFRS 9 changes largely effects the classification and measurement of financial assets and measurement of financial liabilities which classified as fair value differences, measured by reflecting to profit or loss. Those financial liabilities' changes in fair value related to credit risk should be presented in other comprehensive income statement.

TFRS 9 largely retains the existing requirements in TAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous TAS 39 categories for financial assets held to maturity, loans and receivables and available for sale. The application of TFRS 9 did not have a significant impact on the Company's financial liabilities and derivative financial instruments.

Under TFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under TFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. CHANGES IN ACCOUNTING POLICIES (Continued)

TFRS 9 Financial Instruments (Continued)

Classification and measurement of financial assets and liabilities (Continued)

All financial assets not classified as measured at amortized for the FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized for the at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The effect of the application of TFRS 9 on the carrying amounts of financial assets as of 1 January 2018 stems from the new provision for impairment as explained in more detail below.

Impairment of Financial Assets

TFRS 9 replaces the 'incurred loss' model in TAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortized cost consist of trade receivables, cash and cash equivalents.

Under TFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. CHANGES IN ACCOUNTING POLICIES (Continued)

TFRS 9 Financial Instruments (Continued)

Impairment of Financial Assets (Continued)

These assets are measured at amortized cost using the effective interest method in their subsequent measurements. Their amortized costs are reduced by the amount of impairment losses, if any. Interest income, foreign currency gains and losses and impairment losses are recognized in profit or loss. Gains or losses arising from the derecognition of these assets from statement of financial position are recognized in profit or loss.

The application of TFRS 9 as at 1 January 2018 has no material impact on the carrying amount of the financial assets.

The Group's financial assets consist of trade receivables and cash and cash equivalents; these financial assets are classified as financial assets measured at amortized cost according to TFRS 9 while they are classified as loans and receivables in accordance with TAS 39.

The Group did not recognize the provision for impairment in accordance with TFRS 9 in the accompanying financial statements as of 31 December 2018, since this provision amount is not material. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1: For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

Stage 2: In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

The purpose of the provision for impairment is to include the expected credit losses to financial statements that have material increases in the credit risk since the first time credit risks applied to the financial statements.

Stage 3: Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

Subsidiaries

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.

This control power is determined based on current and convertible voting rights. The financial statements of the subsidiaries are consolidated from the beginning of the control power over the subsidiaries to end of that power.

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

Subsidiaries (Continued)

The table below shows all subsidiaries and other companies within the scope of consolidation, and provides their share ratios as of 31 December 2018 and 2017:

			Final share ratio	
Name of the company	Country	Main activity and service line	31 December 2018	31 December 2017
Subsidiaries				
Ünlü Menkul Değerler A.Ş. (“Ünlü Menkul”) ⁽¹⁾	Turkey	Intermediary services	100.00%	100.00%
Ünlü Portföy Yönetimi A.Ş. (“Ünlü Portföy”) ⁽²⁾	Turkey	Portfolio management	100.00%	100.00%
Du Finansal Danışmanlık Hizmetleri A.Ş. (“DU Finans”) ⁽³⁾	Turkey	Financial consultancy	100.00%	100.00%
Plato Finansal Danışmanlık Servisleri A.Ş. (“Plato Finans”) ⁽³⁾	Turkey	Financial consultancy	94.81%	94.81%
İstanbul Varlık Yönetim A.Ş. (“İstanbul Varlık”) ⁽³⁾	Turkey	Asset management	100.00%	100.00%
Ünlü Securities Inc. (“Ünlü Securities”) ⁽¹⁾	U.S.A	Intermediary services	100.00%	100.00%
Mena Finansal Yatırımlar A.Ş. (“Mena Finans”)	Turkey	Financial consultancy	74.99%	74.99%
Ünlü Alternative Asset Management Ltd. (“UAAM”)	Isle of Man	Financial consultancy	100.00%	100.00%
Turkish Alternative Investments Limited (“TAIL”) ⁽⁴⁾	Guernsey	Investment services	100.00%	100.00%
UPE Investments Ltd. (“UPE”)	Guernsey	Investment services	100.00%	100.00%
Associates presented in the financial statements with equity method				
SU Turkish Private Equity Oppor. I. S.C.A.,SICAR ⁽⁵⁾⁽⁷⁾	Luxembourg	Private equity	--	11.99%
Ünlü LT Investments Limited Partnership (“Ünlü LT”) ⁽⁴⁾⁽⁶⁾	Guernsey	Private equity	4.76%	4.76%

⁽¹⁾ Ünlü Menkul has 100% share in Ünlü Securities.

⁽²⁾ As of 13 April 2017, the company has 5,000,000 shares with a nominal value of TL 5,000,000, representing the entire capital of the Ünlü Portföy, owned by Ünlü Menkul Değerler A.Ş., with all its assets and liabilities, have become direct shareholders by purchasing their financial obligations together.

⁽³⁾ İstanbul Varlık has 94.81% share of Plato Finans and 100% share of DU Finans. Plato Finansal Danışmanlık Servisleri A.Ş. has transferred 297,391 shares of the company on 31 March 2017 and 297,392 shares of the company on 22 December 2017, owned by its shareholder Mehmet Burak Yağcıoğlu, to the İstanbul Varlık Yönetim A.Ş. with a registration number of 689414 through its endorsement, together with its legal and financial obligations. Kamil Attila Köksal and Mahmut Levent Ünlü transferred their 350 shares of Plato Finansal Danışmanlık Servisleri A.Ş. to İstanbul Varlık Yönetim A.Ş. on 31 May 2017, together with all kinds of rights and obligations.

⁽⁴⁾ TAIL owns 4.76% share of Ünlü LT (31 December 2017: 4.76%).

⁽⁵⁾ Turkish Holdings I Coöperatif UA ("THI"), Turkish Holdings III Coöperatif UA and Turkish Holdings IV Coöperatif UA are subsidiaries of SICAR with 100% share. SICAR, presents its financial investments with fair value in its financial statements.

⁽⁶⁾ Ünlü LT, presents its financial investments with fair value in its financial statements.

⁽⁷⁾ SU Turkish Private Equity Opportunities I, S.C.A., SICAR ("SICAR")'s term was expired as of 31 December 2018, which was accounted as assets held for sale in previous years. The term of the SICAR is extended until the end of 31 December 2019 with duration for a maximum of two year period. Considering that the SICAR has a limited term, it is reclassified under assets held for sale and disposal groups in the financial statements dated 31 December 2018.

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Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

Subsidiaries (Continued)

All subsidiaries' statements of financial position, profit or loss and other comprehensive income statements are subject to full consolidation and the carrying amounts of the subsidiaries are netted with relevant shareholder's equity.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Non-controlling interest transactions that do not result in a loss of control for the parent company are recognised under equity. These transactions are made between shareholders. The difference between the net book value of the subsidiary's gained assets and the fair value of the price paid to gain the said assets is recognised under the equity. Non-controlling interests and profit or loss resulting from the sales are categorized under equity.

(b) Revenue recognition

(i) Fee and commission income and expenses

Fees and commissions are recorded as income or expense at the time the transactions to which they relate are made. Furthermore, funds management fees and portfolio management fees are recognized on an accrual basis. Common stock transaction commissions are netted off with commission returns. The Group records income from the sales of securities in its portfolio when the sales are conducted. Service income comprises of the commission income arising from financial services provided by the Group including brokerage services and portfolio management services. Commission income is recognized when the corresponding service is rendered. Performance fee income included in service income is recognized on an accrual basis, when the yield of the corporate portfolio is higher than "Benchmark Criteria" mentioned in the related agreement. Other income and expenses are recognized on an accrual basis.

(ii) Interest income and expenses and dividend income

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

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

Interest income on loans

Loans and receivables are recognized as the estimated future cash flows discounted using the effective interest method in the financial statements. The difference between the net present value of estimated future cash flows discounted using the effective interest rate and the carrying value of loan portfolios is recognized in the income statement as "interest income on loans".

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade receivables

In cases where the trade receivables are not impaired for certain reasons (except for a realized impairment loss) within the scope of the impairment calculations of trade receivables, which are recognised for at amortized cost in the financial statements and which do not contain a significant financing component (less than 1 year), provisions for losses relating to the trade receivables are measured at an amount equal to "life-time expected credit losses".

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 and recorded as other operating income.

Following the booking of provision for doubtful receivables, the collected amount is deducted from the doubtful receivable provision and recorded in other income in case of collecting all or part of the doubtful receivable amount.

The Group's loans provided to the borrower by providing cash directly are classified as trade receivables by the Group. All loans given are reflected to the financial statements after the cash amount is allocated to the borrower.

(d) Explanations on financial assets

The Group is recognised for as the financial assets are subject to contractual provisions of the relevant financial asset for the first time. A financial asset is measured at fair value at initial recognition. In the measurement of financial assets other than those reflected at fair value through profit or loss, transaction costs that can be directly related to their acquisition are added to their fair values. Financial assets are classified at fair value or amortized cost in the following periods based on the management model used by the Group and the contractual cash flow characteristics of the related assets in order to manage the related assets. The Group's financial assets consist of cash and cash impaired loans and are carried at amortized cost.

Financial assets recognized at amortized cost

A financial asset is measured at amortized cost where the following two conditions are met:

- (a) Retention of the asset in the context of a management model aimed at the collection of contractual cash flows
- (b) The contractual provisions of the financial asset cause cash flows on the principal dates and interest payments on certain dates at certain dates.

Financial assets recognized at fair value

Changes in financial assets recognized at fair value are recognised in the income statement, including interest and dividends related to them. Financial assets are classified as financial assets at fair value through profit or loss when the two conditions stated above are not provided for the financial assets recognized at amortized cost. In addition, during the initial recognition, the fair value difference of the financial asset may be classified as being measured at profit or loss.

Financial assets;

- (a) The management model used by the entity for the management of the related assets (financial asset management model) and;
- (b) Based on the contractual cash flow characteristics of the aforementioned assets, they are classified in the following periods at their fair value.

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Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Explanations on impairment of financial assets

If the expected future cash flows of financial instruments are discounted by using the effective interest rate (internal rate of return) method and if the fair value of the financial asset is lower than the carrying amount, the financial instrument is considered to be subject to weakness. Provision is allocated for the impairment of the financial instruments and the provision is recognised for with the expense accounts.

The impairment for non-performing loans which are reflected to the balance sheet by adjusted effective interest rate according to the credit, are traced in "Expected Credit Loss – Stage 3" which is classified under "Loans" account."

(f) Explanations on netting of financial assets

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(g) Trade payables

Trade payables refer to the obligatory payments for the goods and services obtained by the suppliers for the ordinary activities of the company. If the time period for the trade receivables to be paid is one year or less (or if it is longer, but is within the normal operating cycle of the company), these receivables are classified as short term liabilities. If not, they are classified as long term liabilities.

Trade payables are recorded with their fair values and recognized in the accounts of the following periods, through use of the effective interest rate method over discounted value, by allocation of a provision for impairment (Note 8).

(h) Explanations on forward and option contracts and other derivative instruments

In accordance with the Turkish Accounting Standard 39 ("TAS 39") "Financial Instruments: Recognition and Measurement"; the forward foreign currency purchases/sales transactions and swap transactions, which are not considered as hedging instruments, are classified as derivative instruments at fair value through profit or loss. Derivative financial instruments are measured at fair value.

The fair values of the forward foreign currency purchases/sales transactions at fair value through profit or loss are measured with the internal pricing models by taking the expectations from the market into account. The change in the fair values is recorded through the period's profit or loss.

(i) Explanations on assets held for sale, disposal groups and discontinued operations

Assets that meet the criteria to be classified as held for sale and disposal groups are measured at the lower of its carrying amount and fair value less costs to sell. Depreciation of such assets is ceased and they are presented separately in the balance sheet. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active programme to complete the plan should be initiated to locate a customer (Note 12). It is also required that the sales of these assets should be expected as an accounting of finalized sale within the year after the classification. Necessary transactions should have done for the completion of sale and the possibility of significant changes on the plan or cancellation of the plan should be assessed as low.

A discontinued operation is a part of the Group's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in income statement. Assets held for sale consist of tangible assets acquired due to overdue loans.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Property and equipment

Property and equipment are carried at cost less accumulated depreciation (Note 14).

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:

Office equipment	5 years
Furniture and fixtures	3 - 5 years
Other tangible assets	5 years
Leasehold improvements	Shorter of 5 years or period of lease

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.

(k) Intangible assets

Intangible assets comprise acquired intellectual property, information systems and computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period not exceeding 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 recognised accordingly to changes in these estimations (Note 15).

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

(l) Financial liabilities

Except for the liabilities related to financial instruments which are defined as financial liabilities held for trading and classified at their fair values, financial liabilities are recognized at their acquisition costs including the transaction cost and appraised at their discounted values calculated through “effective interest rate method” in the subsequent periods. All financial expenses are recorded in the income statement and other comprehensive income statement in the period when they arise.

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Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Foreign exchange transactions

Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. As of 31 December 2018, foreign currency at the end of the period for EUR transactions is TL 6.0280, for USD transactions, it is TL 5.2609, for GBP transactions, it is TL 6.6528 (31 December 2017: EUR: 4.5155, USD: 3.7719, GBP: 5.0803).

Any foreign exchange transactions which had converted to Turkish currency will be disclosed in "Foreign exchange gain/loss" item which is held in income statement.

With respect to the consolidated financial statements, assets and liabilities of the subsidiaries in foreign currency have been translated into TL with the closing exchange rate at the balance sheet date. Profit/Loss items of the subsidiaries have been translated into TL with average exchange rate of the reporting period. The resulting translation differences amounted to net TL 33,813,485 is recognized in "Currency translation differences" account under the equity in the balance sheet (31 December 2017: TL 20,713,980 foreign currency gain).

(n) Provisions, contingent liabilities and assets

In accordance with the Turkish Accounting Standard 37 ("TAS 37") "Provisions, Contingent Assets and Liabilities", Provisions are recognized 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 16).

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.

(o) Finance leases (where the Group is "lessee")

Assets acquired under finance lease agreements are capitalized 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. Payables arising from financial leasing agreements are shown under "Finance lease payables" in the financial position statement.

(p) 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 31).

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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. A number of transactions are entered into with related parties in the normal course of the business. These transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge (Note 4).

(s) Taxes calculated over corporation income

Corporate tax

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognized in operating expenses (Note 25).

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 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 (Note 25).

The deferred 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.

Deferred tax liabilities and assets are recognized 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 recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

Deferred tax charges except for the ones that are recognised under the equity in the form of other reserves and the current tax balances accrued for the related reporting periods are directly recognized as income or expense in the statement of income.

Transfer pricing

The article no. 13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at 18 November 2007, explains the application related issues on this topic.

According to this communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Employee benefits

The Group accounts liabilities related to severance pay, vacation rights and other benefits for employees according to the clause "Turkish Accounting Standard related to Employee Benefits" ("TAS 19") and classifies as "Provisions for employee benefits" at the balance sheet.

The Group is liable to pay a collective amount of payment to the employees dismissed except for the cause of retirement or resignation and significant course of actions according to Labor Law in Turkey. Provision for employment termination benefit is determined according to the law and specific actuarial estimations and reflected in the financial statements (Note 18).

According to the current Labor Law in Turkey, in case a contract of employment is terminated for any reason, the Group is obliged to pay the employee or right owners the fee of accrued but unused annual leave as regards to the remuneration on the contract's termination date.

Turkish Accounting Standards 19 ("TAS 19"), Employee Termination Benefits, was revised as of 1 January 2013. In this context, actuarial gain/loss related to employee termination benefit provision is classified under other comprehensive income.

Due to the permission given about the amendment applied to the previous period financials under the title of related standard "Transition and effective date", the Company has recognised actuarial gains and losses under the "Other comprehensive income", and other accumulated gains and losses were presented under equity in the name of "Actuarial losses from employee termination benefits" in the statement of financial position within the related period.

(u) Explanations on loans and borrowings

Financial liabilities except financial liabilities held for trading valued at fair value, are initially recognized at cost including the transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings

(v) Cash flow statement

For the purposes of cash flow statement, the Group considers cash due from banks with maturity periods of less than three months and mutual funds with a maturity of no more than three months (Note 5).

(y) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group performs the goodwill impairment test at 31 December. Impairment losses on goodwill could not be reversed; Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold (Note 15).

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Earning 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.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period (Note 26).

The accounting policies adopted before 1 January 2018 but changed in the current period together with transition to TFRS 9 are as follows:

(a) Financial instruments

(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 recognized 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 realized and unrealized gains and losses derived from the change of trading financial assets' fair value, and interest and coupon income derived from financial assets are reported as "Financial income".

Assets in this category are classified as current assets.

(ii) Financial assets available-for-sale

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. "Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are recognized 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 these securities' fair value differences are determined, this impairment loss effect is transferred to the income statement.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounting policies adopted before 1 January 2018 but changed in the current period together with transition to TFRS 9 are as follows (continued):

(b) Trade receivables

Trade receivables are recognized at their fair value at the date of initial recognition. It is shown at amortized cost using the effective interest rate method in the reporting periods after the first recognition date.

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 (Note 8).

(c) 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 recognised 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.

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

The Group's loans under follow-up are comprised of non-performing loans purchased from banks and other financial institutions operating in Turkey. Loans and receivables are recognized as the estimated future cash flows discounted using the effective interest method in the financial statements.

The difference between the net present value of estimated future cash flows discounted using the effective interest rate and the carrying value of loan portfolios is recognized in the income statement as interest income.

The Group determined impairment losses based on the discounted cash flows projections expected to be derived from the future cash flows of non-performing corporate loans. The discount rates used to determine impairment losses is the expected return at the acquisition date of the portfolio. If the estimated discounted future cash flows are lower than the acquisition cost of the non-performing loans, impairment of financial assets is recognized.

If the Group does not perform any collection from the individual loans under follow up during the period between the acquisition date and the balance sheet date, impairment of financial assets is recognized in the financial statements in accordance with the number of days elapsed detailed below for the portfolios purchased before 2016.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounting policies adopted before 1 January 2018 but changed in the current period together with transition to TFRS 9 are as follows (continued):

Number of days	Provision rate %
Up to 180 days	20
Between 180-360 days	50
Over 360 days	75-100

If the Company does not perform any collection from the loans under follow up during the period between the acquisition date and the balance sheet date, impairment of financial assets is recognized in the financial statements in accordance with the number of days elapsed detailed below for the portfolios purchased in 2016 and thereafter:

Number of days	Provision rate %
24 months and over	20
36 months and over	40
48 months and over	60
60 months and over	80
72 months and over	100

(d) Revenue recognition

Interest income/expense and dividend income

Interest income and expenses are recognized in the income statement in the related period on an accrual basis. Interest income includes revenues from coupons of fixed income investment instruments and income resulting from evaluation of discounted government bonds on an internal discount basis.

Dividend income from equity investments is recognized when the shareholders have the right to receive dividends.

Interest income from loans are reflected to the consolidated financial statements based on their discounted values of expected collections from loans and receivables, calculated using the effective interest method. The differences between the net present value of the calculated collection estimates of the credit portfolios and their book value are recorded in the “service income” account under the “interest income from loans” item.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

E. SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with TFRS requires management to make judgments, 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 estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- Note 8 - Trade receivables and payables
- Note 15 – Intangible assets
- Note 16 - Provisions, contingent assets and liabilities
- Note 18 - Provision for employee benefits
- Note 25 - Tax assets and liabilities

Receivables to be liquidated: The financial assets of the Group, which are composed of non-performing receivables for goods purchased, are reflected in the balance sheet with their cost values and in order to determine their carrying values in the balance sheet, important projections, assumptions, and evaluations are made regarding the future estimated collections. Changes that might arise in these projections and assumptions in the following periods will affect the relevant period's profit/loss. The Group closely follows up on projections for future collections, and these projections and assumptions are reviewed and updated when necessary.

3 SEGMENT REPORTING

Reporting of operating segments is organized on competent authority of activities based on uniformity. The executive committee, which is responsible for decision making of regarding the business activities of the decisions about resources to be allocated to the competent authority of department and evaluating performance of the department, is determined as competent authority for decision-making mechanism regarding to the company's activities.

Group's subsidiaries, Ünlü Menkul and Ünlü Securities, engaged in brokerage activities in the capital markets in Turkey. UAAM gives financial consultancy service and DU Finans, Plato Finans and İstanbul Varlık give asset management service. The Group's other subsidiary, Ünlü Portföy, operates in corporate and individual portfolio management segment. UPE and TAIL operate in investment sector; Mena, and the Company operate in investment holding services. As at 31 December 2018 and 2017, segment reporting is prepared based on the brokerage, portfolio management activities and consultancy services.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

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3 SEGMENT REPORTING (Continued)

31 December 2018	Brokerage, corporate finance and portfolio management services	Asset management consultancy and services	Private equity	Investment holding services	Eliminations	Total
Sales	1,694,525,360	10,650,167	--	--	--	1,705,175,527
Service income	64,553,621	75,006,943	688	16,245,591	(3,966,956)	151,839,887
Deductions from services income (-)	(1,521,466)	(3,765,440)	--	--	--	(5,286,906)
Cost of sales (-)	(1,692,409,030)	(7,088,654)	--	--	--	(1,699,497,684)
Gross profit/(loss)	65,148,485	74,803,016	688	16,245,591	(3,966,956)	152,230,824
General administrative, marketing, selling and distribution expense	(69,806,869)	(42,207,036)	(194,918)	(13,063,853)	4,131,846	(121,140,830)
Other operating income/expenses, net	152,890	1,481,679	--	112,283	(164,890)	1,581,962
Operating profit/(loss)	(4,505,494)	34,077,659	(194,230)	3,294,021	--	32,671,956
Share of profit/(loss) of investment accounted through equity method	--	--	(23,347,056)	--	--	(23,347,056)
Profit/(loss) before financial expenses	(4,505,494)	34,077,659	(23,541,286)	3,294,021	--	9,324,900
Financial income	49,043,417	1,265,710	35,587	35,101,381	(6,510,648)	78,935,447
Financial expenses	(34,284,584)	(24,116,035)	(6,518,104)	(34,832,136)	6,510,648	(93,240,211)
Profit/(loss) before tax from continuing operations	10,253,339	11,227,334	(30,023,803)	3,563,266	--	(4,979,864)
Tax expense	(3,392,455)	--	--	--	--	(3,392,455)
Deferred tax income/(expense)	484,954	(928,929)	4,881,678	(735,741)	--	3,701,962
Net profit/(loss) from continuing operations	7,345,838	10,298,405	(25,142,125)	2,827,525	--	(4,670,357)
Other comprehensive income/(expense)	420,012	3,349,388	8,978,161	(102,814)	--	12,644,747
Total comprehensive income/(expense)	7,765,850	13,647,793	(16,163,964)	2,724,711	--	7,974,390
Operating segment assets (31 December 2018)	391,888,275	200,208,552	18,806,849	205,734,019	(101,650,647)	714,987,048
Operating segment liabilities (31 December 2018)	315,413,403	155,210,264	28,037,752	54,028,907	(27,759,347)	524,930,979

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3 SEGMENT REPORTING (Continued)

31 December 2017	Brokerage, corporate finance and portfolio management services	Asset management consultancy and services	Private equity	Investment holding services	Eliminations	Total
Sales	1,169,837,439	6,321,749	--	--	--	1,176,159,188
Service income	59,387,454	49,187,689	281	4,994,781	(10,818,241)	102,751,964
Deductions from services income	(71,787)	(22)	--	--	--	(71,809)
Cost of sales	(1,170,070,785)	--	--	--	--	-(1,170,070,785)
Gross profit/(loss)	59,082,321	55,509,416	281	4,994,781	(10,818,241)	108,768,558
General administrative, marketing, selling and distribution expense	(54,291,562)	(39,979,103)	(134,858)	(9,680,777)	11,053,414	(93,032,886)
Other operating income/expenses, net	242,136	274,414	--	125,878	(235,173)	407,255
Operating profit/(loss)	5,032,895	15,804,727	(134,577)	(4,560,118)	--	16,142,927
Share of profit of investment accounted through equity method	--	--	24,910,384	--	--	24,910,384
Profit/(loss) before financial expenses	5,032,895	15,804,727	24,775,807	(4,560,118)	--	41,053,311
Financial income	39,489,519	903,978	631	8,366,007	(2,066,078)	46,694,057
Financial expenses	(37,420,376)	(15,893,064)	(2,096,685)	(7,993,839)	2,066,078	(61,337,886)
Profit/(loss) before tax from continuing operations	7,102,038	815,641	22,679,753	(4,187,950)	--	26,409,482
Tax expense	(1,732,096)	--	--	--	--	(1,732,096)
Deferred tax income/(expense)	66,959	(68,213)	(5,604,776)	718,742	--	(4,887,288)
Net profit/(loss) from continuing operations	5,436,901	747,428	17,074,977	(3,469,208)	--	19,790,098
Other comprehensive income/(expense)	871,444	896,239	2,803,967	10,560	--	4,582,210
Total comprehensive income/(expense)	6,308,345	1,643,667	19,878,944	(3,458,648)	--	24,372,308
Operating segment assets (31 December 2017)	228,061,907	171,779,322	13,262,717	190,005,730	(82,918,473)	520,191,203
Operating segment liabilities (31 December 2017)	159,200,703	130,492,119	14,780,266	48,701,189	(17,328,075)	335,846,202

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

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

4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances with related parties

	31 December 2018	31 December 2017
Financial investments		
Financial assets at fair value through profit or loss (Note 6)		
- Ünlü Portföy İkinci Serbest Fon	1,728,192	3,412,786
- Ünlü Portföy Üçüncü Değişken Fon	2,685,862	4,297,586
- Ünlü Portföy Hisse Senedi Fonu	499,412	--
- Ünlü Portföy Üçüncü Serbest Fon	869,026	1,002,491
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	--	767,446
Total	5,782,492	9,480,309
Financial assets at fair value through other comprehensive income (Note 6)		
- 212 Capital Partners I Coöperatif U.A.	2,291,436	2,238,179
- 212 Limited (Cayman Island)	5,674	5,674
Total	2,297,110	2,243,853
Investments accounted through equity method (Note 7)		
- SICAR (*)	--	53,955,038
- Ünlü LT	18,546,063	13,124,219
Total	18,546,063	67,079,257
Receivables		
Trade receivables (Note 8)		
- Ünlü Portföy İkinci Gayrimenkul Yatırım Fonu	1,536,386	387,671
- Ünlü Portföy Birinci Gayrimenkul Yatırım Fonu	330,885	45,713
- Ünlü LT Investments Limited	105,418	70,629
- Ünlü Private Equity II LP	50,452	37,719
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	27,138	26,820
- Ünlü Portföy Dördüncü Serbest Fon	12,294	15,194
- Ünlü Portföy Birinci Değişken Fon	10,055	365
- Ünlü Portföy İkinci Değişken Fon	6,171	17,284
- Ünlü Portföy Üçüncü Değişken Fon	3,136	10,900
- Ünlü Portföy Hisse Senedi Fonu	2,887	--
- Ünlü Portföy İkinci Serbest Fon	2,856	6,504
- Ünlü Portföy Kısa Vadeli Borçlanma Araçları Fonu	1,289	--
- Ünlü Portföy Üçüncü Serbest Fon	1,065	1,282
Total	2,090,032	620,081

(*) See Note 12.

Ünlü Yatırım Holding A.Ş.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

a) Balances with related parties (Continued)

Receivables (Continued)

	31 December 2018	31 December 2017
Assets held for sale and disposal groups (Note 12)		
- SICAR ^(*)	46,121,636	--
Total	46,121,636	--
Other receivables (Note 9)		
- Receivables from personnel	313,543	317,516
Total	313,543	317,516
Liabilities		
Financial liabilities (Note 13)		
- Standard Bank South Africa	50,491,676	44,879,561
Total	50,491,676	44,879,561
Trade payables (Note 8)		
- Employees and senior management	12,530,447	9,364,559
- Ünlü LT Investments Limited Partners	8,921,456	19,363,853
- Turkish Holdings I Coöperatief	136,389	73,514
- Turkish Retail Investments B.V	913	6,776,242
- Turkish Holdings IV Cooperatief	--	37,145
Total	21,589,205	35,615,313
Short term other payables (Note 9)		
- Payables to personnel	219,453	75,963
Total	219,453	75,963

^(*) See Note 12.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

b) Transactions with related parties

	1 January - 31 December 2018	1 January - 31 December 2017
Income from related parties		
Service income (Commission Income)		
- Ünlü Portföy İkinci Gayrimenkul Yatırım Fonu	1,456,297	392,832
- Ünlü Portföy Birinci Gayrimenkul Yatırım Fonu	315,128	103,329
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	309,943	286,739
- Ünlü Portföy Dördüncü Serbest Fon	150,767	192,061
- Ünlü Portföy İkinci Değişken Fon	140,533	638,733
- Ünlü Portföy Birinci Değişken Fon	94,632	9,083
- Ünlü Portföy İkinci Serbest Fon	64,081	71,597
- Ünlü Portföy Üçüncü Değişken Fon	62,321	79,479
- Ünlü Portföy Üçüncü Serbest Fon	14,358	81,512
- Ünlü Portföy Hisse Senedi Fonu	10,702	--
- Ünlü Portföy Kısa Vadeli Borçlanma Araçları Fonu	1,471	--
Total	2,620,233	1,855,365
Financial income (Dividend income)		
- 212 Limited	134,226	120,236
Total	134,226	120,236
Income from investments accounted through equity method		
- SICAR	(30,450,612)	23,485,479
- Ünlü LT	(1,319,020)	2,138,143
Total	(31,769,632)	25,623,622

Ünlü Yatırım Holding A.Ş.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

b) Transactions with related parties (Continued)

	1 January - 31 December 2018	1 January - 31 December 2017
Expenses to related parties		
Financial expenses		
- Standard Bank South Africa	2,049,943	1,147,703
Total	2,049,943	1,147,703

c) Salaries and other benefits paid to Board of Directors and top management:

Top management consists of general manager, vice general managers, directors and other top management members. For the year ended 31 December 2018, the total amount of salary and other benefits provided to the top management by the Group is TL 23,314,041 (1 January - 31 December 2017: TL 17,459,802).

5 CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Cash	23,492	30,846
Cash at banks ⁽¹⁾	316,915,266	205,877,360
- Demand deposit	30,424,423	35,574,948
- Time deposit	286,490,843	170,302,412
Futures and options market guarantees	1,097,938	816,405
Receivables from reverse repurchase agreements ⁽²⁾	826,036	678,350
Receivables from the money market ⁽³⁾	7,897,863	499,749
B type liquid funds	--	39,975
Total	326,760,595	207,942,685

⁽¹⁾ Bank deposits include TL 234,943,841 (31 December 2017: TL 80,092,288) of bank deposits that belong to customers but which are kept in the Group's own accounts (Note 8).

⁽²⁾ As of 31 December 2018, the maturity of reverse repurchase agreements amounting to TL 616,567 is 12 June 2019 and the average interest rate of reverse repurchase agreements is 13.05% (31 December 2017: 2 January 2018, 12.12%); the maturity of reverse repurchase agreements amounting to TL 209,469 is less than a month and the interest rate of reverse repurchase agreements is 11% (31 December 2017: 2 January 2018, 11%).

⁽³⁾ As of 31 December 2018, the maturity of receivables from the money market agreements is 29 January 2019 and the average interest rate of receivables from the money market agreements is 23.80% (31 December 2017: 2 January 2018, 15.05%).

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

5 CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents of the Group are shown in cash flow statements in 31 December 2018 and 2017 by deducing interest accruals and customer deposits:

	1 January - 31 December 2018	1 January - 31 December 2017
Cash and cash equivalents	326,760,595	207,942,685
Customer deposits (-)	(234,943,841)	(80,092,288)
Interest accruals (-)	(150,132)	(421,490)
Restricted deposit (-)	(84,253)	(74,355)
Total	91,582,369	127,354,552

As at 31 December 2018 and 2017, the interest rates and maturity of the time deposits are as follows:

Currency	31 December 2018			31 December 2017		
	Original amount	Amount (TL)	Interest rate (%)	Original amount	Amount (TL)	Interest rate (%)
TL	68,138,270	68,138,270	6.75-24.50	81,851,029	81,851,029	13.00-15.25
USD	29,821,650	156,888,717	1.25-5.25	23,181,304	87,437,561	3.71-4.60
EUR	10,195,867	61,460,687	2.00	110,090	559,258	1.40-2.00
GBP	476	3,169	--	100,667	454,564	1.40-1.90
Total		286,490,843			170,302,412	

6 FINANCIAL INVESTMENTS

Short term financial investments

	31 December 2018	31 December 2017
Financial assets at fair value through profit or loss	27,985,130	
Financial assets at fair value through other comprehensive income	2,297,110	
Financial assets held for trading		19,961,154
Available for sale financial assets		2,354,853
Total	30,282,240	22,316,007

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

6 FINANCIAL INVESTMENTS (Continued)

Short term financial investments (Continued)

As at 31 December 2018 and 2017, financial assets at fair value through profit or loss are as follows:

	31 December 2018			31 December 2017		
	Nominal	Fair value	Interest rate (%)	Nominal	Fair value	Interest rate (%)
Private sector cooperate bonds	9,540,000	16,739,935	15.03-19.27	9,870,000	10,042,213	14.93-19.21
Investment funds	223,490,129	5,782,492	--	274,530,204	9,480,309	--
Government bonds	3,512,956	5,462,703	23.00	400,000	406,276	13.31
Warrants	--	--	--	801,358	32,356	--
Total		27,985,130			19,961,154	

As at 31 December 2018 and 2017, securities given as collateral are as follows (Note 16):

	31 December 2018		31 December 2017	
	Nominal	Fair value	Nominal	Fair value
CMB	3,512,956	5,462,703	400,000	406,276
Total	3,512,956	5,462,703	400,000	406,276

As at 31 December 2018 and 2017, details of financial assets at fair value through other comprehensive income are as follows:

	31 December 2018		31 December 2017	
	Share (%)	Share amount (TL)	Share (%)	Share amount (TL)
212 Capital Partners I Coöperatief U.A. ⁽¹⁾	3.31	2,291,436	3.31	2,238,179
Private sector bonds	--	--	--	111,000
212 Limited (Cayman Island)	32.50	5,674	32.50	5,674
		2,297,110		2,354,853

⁽¹⁾ As of 31 December 2018, the total commitment amount for all shareholders of 212 Capital Partners I Coöperatief U.A. which is classified as financial assets at fair value through other comprehensive income in Company's financials with 3.31% share rate, is USD 30,200,000. Within 2017, a commitment realization requested from 212 Capital Partners I Coöperatief U.A. and Ünlü Yatırım Holding A.Ş. participated this call through payments made of USD 25,000 on 18 January 2017, USD 20,000 on 18 July 2017, USD 30,000 on 22 December 2017 and on 20 January 2018 USD 35,705, totally USD 110,705 which corresponds to TL 414,863 (31 December 2017: USD 25,000 on 18 January 2017, USD 20,000 on 18 July 2017 and USD 30,000 on 22 December 2017, a total of USD 75,000 which corresponds to TL 279,980) (Note 16).

The Group uses the cost method as a method for determining the fair value if there is not sufficient recent information about the measurement of the fair value or if the fair value can be measured by more than one method and among these methods, the cost method reflects the fair value estimation in the best way.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

6 FINANCIAL INVESTMENTS (Continued)

Long term financial investments

	31 December 2018	31 December 2017
Financial assets at fair value through other comprehensive income		
Shares certificate not listed on the stock market	2,651,763	1,517,254
-Borsa İstanbul A.Ş. ("BİST") ⁽¹⁾	1,517,254	1,517,254
-Unlu Securities UK Limited ⁽²⁾	1,134,509	--
Total	2,651,763	1,517,254

⁽¹⁾ The shares are not subject to valuation since the price has not been announced by Borsa İstanbul AŞ in the current period.

⁽²⁾ As of December 31, 2018, the Company has a new subsidiary called "Unlu Securities UK Limited" which is not operational. Unlu Securities UK Limited was established in London on September 12, 2018 with a capital of GBP 70,000. As of 31 December 2018, the Company's capital is GBP 150,000. As of 14 February 2019, the Company obtained an operating license. As of 31 December 2018, the Company has been classified under financial investments in the consolidated financial statements since it has not yet completed its operational permit and could not become operational.

7 INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Investments in associates

	31 December 2018	31 December 2017
SICAR ⁽¹⁾	--	53,955,038
Ünlü LT ⁽²⁾	18,546,063	13,124,219
Total	18,546,063	67,079,257

⁽¹⁾ See Note 12.

⁽²⁾ As of 31 December 2018, TAIL's commitment amount in Ünlü LT Investments Limited Partnership, which is classified as investments valued with the equity method in TAIL's financials, is USD 6,000,000 (2017: USD 5,000,000) corresponding to 4.76% (2017: 4.76%) of total commitments. TAIL has made total payments of USD 5,166,666 as of 31 December 2018 (Note 7) (2017: USD 3,547,619) (Note 16).

		31 December 2018	31 December 2017
Associates	Main activity	Share %	Share %
SICAR ⁽¹⁾	Private equity	--	11.99
Ünlü LT	Private equity	4.76	4.76

⁽¹⁾ See Note 12.

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

7 INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Summary of the financial information on Ünlü LT is provided below:

	31 December 2018	31 December 2017
Total assets	389,747,159	275,842,769
Total liabilities (-)	(279,856)	(234,179)
Net assets	389,467,303	275,608,590
Share in net assets of the associate	18,546,063	13,124,219
Total share of the Company in the net assets of the subsidiaries	18,546,063	13,124,219
	1 January - 31 December 2018	1 January - 31 December 2017
Profit/(loss) for the period	(27,710,510)	44,918,974
	1 January - 31 December 2018	1 January - 31 December 2017
At the beginning of the period	13,124,219	7,175,591
Share of the profit/(loss)	(1,319,020)	2,138,143
Additional share acquisition	6,740,864	3,810,485
Total change in the associate in accordance with equity method	5,421,844	5,948,628
Period end	18,546,063	13,124,219

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8 TRADE RECEIVABLES AND PAYABLES

	31 December 2018	31 December 2017
Short term trade receivables		
Receivables to be liquidated ⁽¹⁾	272,213,944	256,492,565
Expected credit losses for receivables to be liquidated	(117,733,770)	
Specific provisions for receivables to be liquidated		(120,691,993)
Receivables on consultancy services	1,685,566	3,361,247
Receivables on consultancy services	1,685,566	3,361,247
Doubtful trade receivables	1,566,980	134,438
Expected credit loss	(1,566,980)	
Provision for doubtful trade receivables		(134,438)
Receivables from customers on credit ⁽²⁾	25,088,917	11,102,923
Receivables from leveraged buy and sell transactions	6,781,780	3,918,649
Trade receivables due from related parties (Note 4)	2,090,032	620,081
Other	272,961	301,715
Total	190,399,430	155,105,187

⁽¹⁾ Loans and receivables of Istanbul Varlık, subsidiary of the Company, are recorded to financial statements at their amortized values by using collection expectations through effective interest method. As of 31 December 2018, net amount of the receivables to be liquidated in the Group's consolidated statement of financial position; equals to the actual receivable balances resulting from the Group's activities. The Group bought non-performing loan portfolios amounting to TL 2,654,438,000 from banks and other financial institutions operating within Turkey for TL 252,077,000. The carrying value of non-performing loans after total provisions allocated is TL 154,480,174 as of 31 December 2018 (31 December 2017: TL 135,800,572).

⁽²⁾ As of 31 December 2018, the interest rate applied by The Group to the loans given to the customers is between 42.51% and 27.00% (31 December 2017: 10.11%-12.27%). As of 31 December 2018, the Group has received a collateral amounting to TL 64,449,115 which is the fair value of the loans granted by the customers (31 December 2017: TL 24,071,539).

Movement of expected credit losses for receivables to be liquidated is as follows:

	31 December 2018
Expected credit losses	
Beginning of the period	120,691,993
Collections in the period	(6,680,443)
Provision amount for the period (Note 20)	3,722,220
End of the period	117,733,770

Movement of specific provisions for receivables to be liquidated is as follows:

	31 December 2017
Specific provisions	
Beginning of the period	126,700,758
Collections in the period	(6,008,787)
Provision amount for the period (Note 20)	22
End of the period	120,691,993

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

8 TRADE RECEIVABLES AND PAYABLES (Continued)

Movement of expected credit losses for doubtful accounts is as follows:

	31 December 2018
Beginning of the period	134,438
Collections in the period	(88,924)
Provision amount for the period (Note 20)	1,521,466
End of the period	1,566,980

Movement of specific provisions for doubtful accounts is as follows:

	31 December 2017
Beginning of the period	242,018
Collections in the period	(179,360)
Provision amount for the period (Note 20)	71,780
End of the period	134,438

	31 December 2018	31 December 2017
Short term trade payables		
Other customer deposits	213,354,636	44,476,975
Related party customer deposits (Note 4)	21,589,205	35,615,313
Miscellaneous payables	2,593,782	1,310,680
Other trade payables	656,961	1,157,210
Total	238,194,584	82,560,178

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

9 OTHER RECEIVABLES AND PAYABLES

	31 December 2018	31 December 2017
Short term other receivables		
Guarantees given to Forex Capital Markets LTD and IG Markets LTD	39,762,639	19,507,835
Other deposits and guarantees given	4,874,674	1,141,521
Other receivables due from related parties (Note 4)	313,543	317,516
Guarantees given to Derivatives Market	655,357	215,507
Other	150,004	163,293
Total	45,756,217	21,345,672

Other long term receivables

Deposits and guarantees given	125,324	82,857
Total	125,324	82,857

	31 December 2018	31 December 2017
Other short term payables		
Taxes and funds payable	6,576,972	5,194,535
Social security premiums payable	947,391	1,084,871
Value Added Tax payables ("VAT")	399,700	597,522
Payables to employees (Note 4)	219,453	75,963
Other	1,978,610	47,454
Total	10,122,126	7,000,345

10 PREPAID EXPENSES

	31 December 2018	31 December 2017
Short term prepaid expenses		
Prepaid expenses ⁽¹⁾	4,309,318	953,154
Total	4,309,318	953,154

⁽¹⁾ Prepaid expenses consists of information technologies and broadcasting expenses regarding following months.

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11 OTHER ASSETS AND LIABILITIES

	31 December 2018	31 December 2017
Other current assets		
Advances given	1,268,696	702,093
Prepaid taxes and duties	--	1,661
Other	1,052,373	419,884
Total	2,321,069	1,123,638
Other short term liabilities		
Expense accruals	1,888,098	583,446
Total	1,888,098	583,446

12 ASSETS HELD FOR SALE AND DISPOSAL GROUPS

	31 December 2018	31 December 2017
Assets held for sale ⁽¹⁾	3,105,054	2,859,441
Disposal groups ⁽²⁾	46,121,636	--
Total	49,226,690	2,859,441

⁽¹⁾ TL 3,105,054 of assets held for sale consists of the vehicles and real estates acquired during the collection of loans by İstanbul Varlık (31 December 2017: TL 2,859,441).

⁽²⁾ SU Turkish Private Equity Opportunities I, S.C.A., SICAR ("SICAR")'s term was expired as of 31 December 2018, which was accounted as assets held for sale in previous years. The term of the SICAR is extended until the end of 31 December 2019 with duration for a maximum of two year period. Considering that the SICAR has a limited term, it is reclassified under assets held for sale and disposal groups in the financial statements dated 31 December 2018.

Movement of assets held for sale and disposal groups is as follows:

	31 December 2018	31 December 2017
Assets held for sale and disposal groups		
Beginning of the period	2,859,441	2,859,441
Sales made during the period	--	--
Purchases during the period	245,613	--
Transfer ⁽¹⁾	46,121,636	--
Total	49,226,690	2,859,441

⁽¹⁾ Considering that the SICAR has a limited term, it is reclassified under assets held for sale and disposal groups in the financial statements dated 31 December 2018.

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13 FINANCIAL LIABILITIES

	31 December 2018	31 December 2017
Short term financial liabilities		
Borrowings	105,335,166	105,387,742
Structured debt instruments ("SDI") ⁽¹⁾	10,872,966	30,560,347
Financial liabilities due to related parties (Note 4)	22,849,608	16,254,868
Payables to Money Markets ⁽²⁾	22,313,274	100,907
Reserve collaterals for leveraged buy and sell transactions	15,876,271	--
Financial lease obligations	394,610	201,041
Total	177,641,895	152,504,905
Long term financial liabilities		
Borrowings	37,028,830	35,430,731
Financial liabilities due to related parties (Note 4)	27,642,068	28,624,693
Total	64,670,898	64,055,424

⁽¹⁾ Within the scope of issue certificate dated 17 May 2018 approved by CMB on 17 May 2018 and decision numbered 22/616, the details of issued SDI's with given permission of Bonds/Bills and structured debt instruments issuance which is planned as will be issued until one year to qualified investors up to TL 100,000,000 (Hundred million Turkish Liras) by the Group's subsidiary Ünlü Menkul Değerler A.Ş. are as follows:

ISIN Code	Issue date	Issued nominal amount	Book value	Redemption date	Sales method	Coupon period
TR0DUUM00Y33	28 November 2018	600,000	614,038	2 January 2019	Qualified investor	Paid at maturity
TR0DUUM00Y82	6 December 2018	972,200	991,211	10 January 2019	Qualified investor	Paid at maturity
TR0DUUM00YB3	13 December 2018	1,161,000	1,178,239	16 January 2019	Qualified investor	Paid at maturity
TR0DUUM00YR9	27 December 2018	1,213,000	1,216,277	29 January 2019	Qualified investor	Paid at maturity
TR0DUUM00YQ1	28 December 2018	5,624,400	5,635,402	29 January 2019	Qualified investor	Paid at maturity
TR0DUUM00YU3	28 December 2018	515,000	516,122	28 January 2019	Qualified investor	Paid at maturity
TR0DUUM00YT5	28 December 2018	720,000	721,677	28 February 2019	Qualified investor	Paid at maturity
Total		10,805,600	10,872,966			

⁽²⁾ As of 31 December 2018, payables to Money Markets have maturity less than one month and interest rate is 23.65% (31 December 2017: payables to Money Markets have maturity less than one month and interest rate is 13.80%).

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Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

13 FINANCIAL LIABILITIES (Continued)

Details of borrowings are as follows:

Currency of borrowings	31 December 2018			31 December 2017		
	Original amount	Amount in TL	Interest rate (%)	Original amount	Amount in TL	Interest rate (%)
TL	142,363,996	142,363,996	16.95-25.38	121,786,950	121,786,950	10.92-18.80
USD	9,597,536	50,491,676	4.18	16,944,003	63,911,084	3.30 – 4.90
Total		192,855,672			185,698,034	

Details of financial lease obligations are as follows:

	31 December 2018	31 December 2017
Short term financial lease obligations		
Up to 1 year	520,523	217,547
Less: Future finance charges on financial lease	(125,913)	(16,506)
Total	394,610	201,041

The Group does not have any long term financial lease obligations (31 December 2017: None).

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

14 PROPERTY AND EQUIPMENT

31 December 2018	Office equipment	Furniture and fixtures	Other tangible asset	Leasehold improvements	Total
Net book value, 1 January 2018	1,850,414	547,553	221,781	1,223,695	3,843,443
Additions	819,663	95,460	188,463	41,130	1,144,716
Disposals (net)	--	--	--	--	--
Depreciation charge	(678,762)	(260,252)	(38,717)	(303,043)	(1,280,774)
Transfers	--	--	--	--	--
Net book value	1,991,315	382,761	371,527	961,782	3,707,385
Cost	6,545,134	3,467,827	665,133	3,726,722	14,404,816
Accumulated depreciation	(4,553,819)	(3,085,066)	(293,606)	(2,764,940)	(10,697,431)
Net book value	1,991,315	382,761	371,527	961,782	3,707,385
31 December 2017	Office equipment	Furniture and fixtures	Other tangible asset	Leasehold improvements	Total
Net book value, 1 January 2017	1,582,932	1,212,167	242,676	303,694	3,341,469
Additions	792,003	251,823	--	496,115	1,539,941
Disposals (net)	(8,618)	--	--	--	(8,618)
Depreciation charge	(515,903)	(112,879)	(20,895)	(379,672)	(1,029,349)
Transfers	--	(803,558)	--	803,558	--
Net book value	1,850,414	547,553	221,781	1,223,695	3,843,443
Cost	5,725,471	3,372,367	476,670	3,685,592	13,260,100
Accumulated depreciation	(3,875,057)	(2,824,814)	(254,889)	(2,461,897)	(9,416,657)
Net book value	1,850,414	547,553	221,781	1,223,695	3,843,443

As at 31 December 2018 and 2017, there is no restriction or mortgage on the Group's tangible assets.

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

15 INTANGIBLE ASSETS

A. OTHER INTANGIBLE ASSETS

	1 January 2018	Additions	Disposals	31 December 2018
Cost	3,766,339	681,229	--	4,447,568
Accumulated amortization	(2,341,948)	(682,553)	--	(3,024,501)
Net book value	1,424,391	(1,324)	--	1,423,067
	1 January 2017	Additions	Disposals	31 December 2017
Cost	3,376,943	398,614	(9,218)	3,766,339
Accumulated amortization	(1,591,286)	(759,880)	9,218	(2,341,948)
Net book value	1,785,657	(361,266)	--	1,424,391

As at 31 December 2018 and 2017, the Group does not have any internally generated intangible assets.

B. GOODWILL

- The transfer of Ünlü Menkul Değerler A.Ş.'s 142,216,490 units of shares of a total of 179,399,700 units of shares with a value of 1 (one) kurus each, that constitutes 53% of the Company, that is owned by Standard Bank London Holdings Limited on 2012, and 59,033,300 units of shares which constitute 22% of the Company with a value of 1 (one) kurus each owned by Mahmut Levent Ünlü, to Ünlü Yatırım Holding A.Ş. (formerly known as "Ünlü Finansal Yatırımlar A.Ş.") 94.51% of whose shares are owned by Mahmut Levent Ünlü, via the share transfer agreement dated 10 April 2012 was approved by CMB on 29 August 2012.
The Company became controlling shareholder by buying 268,333,000 units of shares of Ünlü Menkul which constitutes 53% of Ünlü Menkul's total nominal value of 142,216,490 shares, from Standard Bank London Holdings as of 30 October 2012.
- As of 1 November 2012, the Company purchased 100% of Ünlü Alternative Asset Management that constitutes 6,686 units of shares by acquiring 3,615 units of shares that constitutes 67% from Standard Bank PLC, 2,199 units of shares that constitute 22% from Mahmut Levent Ünlü, and remaining 1,115 units of shares that constitute 11% from three different shareholders.
- As of 24 August 2015, Ünlü Yatırım Holding A.Ş. acquired 250,000,000 shares of Ünlü Menkul each having 1 Kurus ("Kr") nominal value to TL 2,500,000 which constitute of 25% the Company from Standard Bank Group Limited through a share transfer agreement and owned the whole of Ünlü Menkul.

Net assets acquired by the Group and the details of the calculation of goodwill explained in the previous page are as follows:

	2012
Acquisition cost	77,865,314
Contingent considerations	--
Net acquisition cost	77,865,314

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

15 INTANGIBLE ASSETS (Continued)

B. GOODWILL (Continued)

The acquisition cost does not include any other cost except for the amount paid mentioned above, the fair values of assets and liabilities arising from the acquisition are as follows:

Cash and cash equivalents	66,581,075
Trade receivables	73,219,940
Other long term receivables	9,233,899
Financial investments	6,375,693
Property and equipment	829,328
Other current assets	589,422
Intangible assets	91,923
Financial liabilities	(68,077,741)
Provisions for employee benefits	(9,234,189)
Other payables	(8,791,049)
Trade payables	(4,936,085)
Deferred tax liabilities	(1,702,432)
Net assets acquired	64,179,784
Owner of the parent	48,666,988
Goodwill	29,198,326
Net acquisition cost	77,865,314
Cash and cash equivalents	(66,581,075)
Net cash flows	11,284,239

The Group applies an impairment test to the assets recorded as goodwill items on each 31 December. As of 31 December 2018, the Group reviewed its valuation methods, analysed future revenue expectations and applied goodwill impairment test on these expectations using discounted cash flow method, with the conclusion to that no impairment was identified.

Ünlü Yatırım Holding A.Ş.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

(i) Short term provisions

	31 December 2018	31 December 2017
Provisions for lawsuits ⁽¹⁾	1,418,109	1,229,408
Total	1,418,109	1,229,408

⁽¹⁾ As of 31 December 2018 provisions for lawsuits amounting to TL 1,418,109 (31 December 2017: TL 1,229,408) consists of provisions for reemployment lawsuits.

Provision for lawsuits movement for the period ended 31 December 2018 and 2017 is as follows:

	31 December 2018	31 December 2017
Provision for lawsuits		
Beginning of the period	1,229,408	1,064,250
Provision for the period	188,701	165,158
End of the period	1,418,109	1,229,408

(ii) Assets kept on behalf of customers

	31 December 2018	31 December 2017
Investment funds	2,527,614,265	2,240,085,248
Common stocks	1,812,225,013	1,004,663,451
Private sector cooperate bond, treasury bills and government bonds	194,420,000	46,410,750
Structured debt instruments	600,000	28,361,080
Eurobond	4,335,000	1,000,000
Warrant	17,300	--

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(iii) Letter of guarantees given

	31 December 2018	31 December 2017
Istanbul Settlement and Custody Bank Inc, money market deposit	26,500,000	26,500,000
İstanbul Takas ve Saklama Bankası A.Ş. Merkezi collateral guarantee	12,000,000	12,000,000
Collateral provided to IG Markets LTD for the leverage trading	7,891,350	5,657,850
Collateral provided to courts and directorate of bailiff and execution	819,064	10,368,254
Transaction collateral for ISE bonds and bills market	750,000	2,200,000
Collateral given to Turk Telekomunikasyon A.Ş.	18,200	18,200
Collateral for CMB brokerage operations	1,776	1,776
Transaction collateral for ISE equity market	--	--
Guarantees given to Forex Capital Markets LTD. related to leverage trading	--	--
Collateral given to Aselsan Elektronik San. ve Tic. A.Ş.	--	--

(iv) Securities given as collaterals

	31 December 2018		31 December 2017	
	Nominal value	Fair value	Nominal value	Fair value
CMB	3,512,956	5,462,703	400,000	406,276
Total	3,512,956	5,462,703	400,000	406,276

As of 31 December 2018, the cash collateral amounting to TL 84,253 was restricted on behalf of the CMB on İstanbul Takas ve Saklama Bankası A.Ş. ("Takasbank") (31 December 2017: TL 74,355) (Note 5).

(v) Contingent liabilities

As of 31 December 2018, the total commitment of 212 Capital Partners I Coöperatief U.A., which is classified as financial assets at fair value through other comprehensive income with a share of 3,31%, is USD 30,200,000 for all shareholders to raise in the future periods. Within the year 2017, 212 Capital Partners I Coöperatief U.A. made a commitment payment and Ünlü Yatırım Holding A.Ş. paid a total of US \$ 110,705 to the amount of TL 414,863 by paying USD 25,000 on 18 January 2017, USD 20,000 on 18 July 2017, USD 30,000 on 22 December 2017, and USD 35,705 on 20 January 2018 (31 December 2017: USD 25,000 on 18 January 2017, USD 20,000 on 18 July 2017 and USD 30,000 on 22 December 2017, amounting to USD 75,000 and a total of TL 279,980) (Note 6).

As of 31 December 2018, TAIL's commitment amount in Ünlü LT Investments Limited Partnership, which is classified as investments valued with the equity method in TAIL's financials, is USD 6,000,000 (2017: USD 5,000,000) corresponding to 4.76% (2017: 4.76%) of total commitments. TAIL has made total payments of USD 5,166,666 as of 31 December 2018 (Note 7) (2017: USD 3,547,619) (Note 6).

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

17 CONTINGENCIES AND COMMITMENTS

Explanations regarding derivatives

31 December 2018

Contract definition	Maturity	Position	Number of contracts	Settlement price	Nominal value
F_USDTRY0119 (SHORT)	31 January 2019	Short	65	5.38	349,590
O_USDTRYKE0119C5700 (SHORT)	31 January 2019	Short	182	65.40	11,903
Net position					361,493

31 December 2017

Contract definition	Maturity	Position	Number of contracts	Settlement price	Nominal value
O_TUPRSE0118P105	31 January 2019	Short	28	0.15	420
O_TUPRSE0118P110	31 January 2019	Short	27	0.37	999
Net position					1,419

18 PROVISION FOR EMPLOYEE BENEFITS

	31 December 2018	31 December 2017
Short term employee benefits		
Bonus provision	7,969,306	4,463,970
Unused vacation provision	4,080,572	3,048,248
Total	12,049,878	7,512,218
Long term employee benefits		
Provision for employment termination benefits	2,308,106	1,637,521
Total	2,308,106	1,637,521

The Company declared that, within the scope of the amendments regarding bonus policy, it will give Group employees who had a performance bonus over a certain amount calculated in their names a pledged share certificate as an additional right, and regarding a separate agreement to be made with the Company and that this pledge will be removed by the Company on the condition that the requirements of the said agreement are met.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

18 PROVISION FOR EMPLOYEE BENEFITS (Continued)

Provisions for employment termination benefits

The provision for employment termination benefits is reserved in line with the explanations below. Under the 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 retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of employees.

The present value of the Group's probable liability is calculated using the assumptions in the following table.

	31 December 2018	31 December 2017
Discount rate (%)	5.00	4.69
Turnover rate to estimate the probability of retirement (%)	88.70	88.70

The basic assumption is that the determined value for every working year increases proportional to inflation. Using this assumption, the existing discount ratio shows the real ratio, unaffected by inflation. Therefore, the maximum amount of employment termination benefits of the Group is determined every six months and is calculated using the maximum amount of TL 5,434 which is valid since 1 July 2018 (31 December 2017: TL 4,732).

Movements in the bonus provision for the year ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Beginning of the period	4,463,970	5,094,200
Change during the period	7,969,306	4,463,970
Disposals from subsidiaries sales transaction (-)	(4,463,970)	(5,094,200)
End of the period	7,969,306	4,463,970

Ünlü Yatırım Holding A.Ş.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

18 PROVISION FOR EMPLOYEE BENEFITS (Continued)

Movements in the provision for unused vacation for the year ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Beginning of the period	3,048,248	2,613,660
Provision during the period	1,412,159	593,444
Payment during the period (-)	(379,835)	(158,856)
End of the period	4,080,572	3,048,248

Movements in the provision for employment termination benefits for the year ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Beginning of the period	1,637,521	2,065,407
Service cost	318,686	518,436
Interest cost	249,150	270,851
Actuarial gain/(loss)	558,856	(662,813)
Transfers	(128,259)	--
Payment during the period (-)	(327,848)	(554,360)
End of the period	2,308,106	1,637,521

Ünlü Yatırım Holding A.Ş.

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19 SHAREHOLDERS' EQUITY

Share capital

As of 31 December 2018 and 2017, share capital structure of the parent Company is as follows:

Name of the shareholder	31 December 2018		31 December 2017	
	Amount (TL)	Share (%)	Amount (TL)	Share (%)
Mahmut Levent Ünlü	116,104,446	84.2981	31,999,996	84.2981
The Wellcome Trust Ltd. as Trustee of the Wellcome Trust ⁽⁴⁾	13,498,188	9.8004	3,720,288	9.8004
Standard Bank Group Ltd. ⁽³⁾	6,078,838	4.4136	1,675,412	4.4136
Ünlü Yatırım Holding A.Ş. ⁽⁶⁾	417,158	0.3029	–	–
Simge Ündüz ⁽¹⁾	306,860	0.2228	84,575	0.2228
Can Ünalın ^{(1) (2)}	283,821	0.2061	88,225	0.2324
İbrahim Romano ^{(1) (2)}	190,045	0.1380	52,379	0.1380
Kağan Çevik ⁽¹⁾	165,881	0.1204	120,919	0.3185
Tunç Yıldırım ⁽¹⁾	160,006	0.1162	44,100	0.1162
Mehmet Sait Sezgin ⁽¹⁾	113,728	0.0826	31,345	0.0826
Tahir Selçuk Tuncalı ^{(1) (2)}	145,131	0.1054	40,000	0.1054
Mehmet Batur Özyar ⁽¹⁾	85,322	0.0619	23,516	0.0619
Ayşe Akkın Çakan	27,212	0.0198	7,500	0.0198
Mediha Esra Korkmazarslan	27,212	0.0198	7,500	0.0198
Sema Arğin	27,212	0.0198	7,500	0.0198
Tuncay Kuli	27,212	0.0198	7,500	0.0198
Cevdet Uygar Aksoy	27,212	0.0198	7,500	0.0198
Mustafa Sönmez	18,141	0.0132	5,000	0.0132
Burak Dedeler	9,071	0.0066	2,500	0.0066
Kemal Kerem Gökten	9,071	0.0066	2,500	0.0066
Utku Özay	9,071	0.0066	2,500	0.0066
Kamil Atilla Köksal ⁽²⁾	4	0.0000	1	0.0000
Erdem Selim ⁽⁵⁾	–	–	7,500	0.0198
Vedat Mizrahi ⁽⁵⁾	–	–	22,275	0.0587
Total	137,730,842	100.00	37,960,531	100.00

⁽¹⁾ With Decision No. 6, dated 22 January 2014, new amendments regarding the Company's bonus policy for the company-employee relationships of Ünlü Yatırım Holding A.Ş. were declared and will be valid as of and after 1 January 2014. The main purpose of the new policy, called a long term incentive procedure, is to sustain employee motivation and loyalty to the Group and their continued contribution to corporate targets with remuneration and reward policies.

Within this framework, for employees whose total gross bonus amounted to USD 300,000 or higher at the end of the said performance year, the Group pays 65% of said amount, and for employees whose total gross bonus amount calculated at the end of said performance year is between USD 150,000 and USD 299,999, the Group pays 75% of the said amount in cash by the end of March of the year following the performance year, as a success bonus by the subsidiaries of the Company. The remaining 35% and 25% of the total gross bonus amounts are paid in cash, in accordance with the separate share purchase agreement made between Ünlü Yatırım Holding A.Ş. and Group employees on behalf of the employees who were entitled to this performance bonus as an additional right, on the condition that the new shares which are issued by ÜYH and has a pledge of the Company over them, are purchased.

Within this scope, in 2017 the Company issued and registered 297,190 shares worth TL 2,000,089 on behalf of Group employees, within the scope of the bonus policy mentioned above. However, the Company's obligation to deliver these pledged shares to the employees that these shares are registered on behalf of will only arise within the scope of the requirements and when the loyalty period ends. As per the same agreement, the Company has the right to pay the current market value of the shares as of the delivery date to the employees who are entitled to these shares, instead of delivering them the shares.

⁽²⁾ Shares of the Company shareholders Can Ünalın, İbrahim Romano, Tahir Selçuk Tuncalı, and Kamil Atilla Köksal, which have a nominal value of TL 1, are not within the scope of the bonus policy described above.

⁽³⁾ The Company was acquired by Standard Bank Group Ltd. for TL 24,408,000 through issuing new shares with nominal value shares that equal TL 1,675,412 which is equivalent to 4.95% of the Company. The acquisition became official when Mahmut Ünlü and Standard Bank Group Ltd. signed the capital contribution agreement dated 20 August 2015. The acquisition took place on 20 October 2015.

⁽⁴⁾ As of 12 February 2016, The Wellcome Trust has invested TL 52,176,060 through a capital increase and has a 9.80% share in the Company. The mentioned capital increase was registered with the Istanbul Trade Registry Directorate on 17 February 2016 and published in the Turkish Trade Registry Gazette dated 23 February 2016 and numbered 9017.

⁽⁵⁾ It has been decided to acquire the shares of Erdem Selim with a nominal value of TL 3,500 on 2 January 2018 and TL 4,000 on 31 October 2018. The Company has recognised its share in the amount of TL 146,645, which is the fair value of this share, in shareholders' equity. It has been decided to acquire the shares of Vedat Mizrahi with a nominal value of TL 22,275 on 11 July 2018. The Company has recognised its share in the shareholders' equity account amounting to TL 439,486 which is the fair value of this share.

⁽⁶⁾ The Company has repurchased the shareholder's shares amounting to TL 2,263,322 and which have a nominal value of TL 114,975. The share increase with a nominal value of TL 302,183 has been realised on behalf of Ünlü Yatırım Holding A.Ş., due to the capital increase made with internal resources.

Ünlü Yatırım Holding A.Ş.

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19 SHAREHOLDERS' EQUITY (Continued)

Share capital (Continued)

With the decision of the Ordinary General Assembly dated 4 September 2012, the capital of Ünlü Yatırım Holding A.Ş. (formerly known as "Ünlü Finansal Yatırımlar A.Ş.") was raised to TL 32,000,000 from TL 50,000. Capital increase had been fully covered by Mahmut Levent Ünlü. This capital increase decision had been registered on 11 September 2012 and published on Trade Registry Gazette numbered 8154 dated 17 September 2012.

As a result of the Ordinary General Assembly meeting held on 23 May 2014, the paid-in capital of the Company was increased from TL 32,000,000 to TL 32,153,606, and Article 6 of the Company's Articles of Association was changed. This capital increase was made by issuing shares at a premium, Mahmut Levent Ünlü and Kamil Attila Köksal waived their pre-emptive rights. This capital increase decision had been registered on 3 June 2014 and published on Trade Registry Gazette numbered 8586 dated 9 June 2014.

As a result of the Ordinary General Assembly meeting held on 29 September 2015, the paid-in capital of the Company was increased from TL 32,153,606 to TL 32,182,966 and Article 6 of the Company's Articles of Association was changed. This capital increase was made by issuing shares at a premium, and Mahmut Levent Ünlü, İbrahim Romano, Tahir Selçuk Tuncalı, Kamil Attila Köksal, Kağan Çevik, Tunç Yıldırım, Mehmet Batur Özyar, Vedat Mizrahi and Mehmet Sezgin waived their pre-emptive rights. This capital increase decision had been registered on 30 September 2015 and published on Trade Registry Gazette numbered 8918 dated 5 October 2015.

As a result of the Ordinary General Assembly meeting held on 20 October 2015, the paid-in capital of the Company was increased from TL 32,182,966 to TL 33,858,378 and Article 6 of the Company's Articles of Association was changed. Excess of TL 1,675,412 increased in capital total amount of TL 22,732,588 was added to the statutory reserves as share premium. In this capital increase, all current shareholders of the Company waived their pre-emptive rights, and all of the increase amount was paid by Standard Bank Group Ltd. This capital increase decision had been registered on 21 October 2015 and published on Trade Registry Gazette numbered 8934 dated 27 October 2015.

As a result of the Extraordinary General Assembly held on 12 February 2016, the paid-in capital of the Company increased from TL 33,858,378 to TL 37,578,666 and the 6th article of the Company's Articles of Association which is related with capital was changed. All of the capital increase is paid by The Wellcome Trust Limited as Trustee of the Wellcome Trust. The portion pledged by The Wellcome Trust Limited as Trustee of the Wellcome Trust and exceed TL 3,720,288 of the capital amounting to TL 48,455,772 is paid in cash and fully by The Wellcome Trust Limited as Trustee of the Wellcome Trust has been added to the legal reserves as a stock premium.

The shareholders of the company Standard Bank Group Limited, Mahmut Levent Ünlü, Kağan Çevik, Tunç Yıldırım, Mehmet Batur Özyar, Simge Ündüz, Can Ünalın, İbrahim Romano, Tahir Selçuk Tuncalı, Vedat Mizrahi, Hakan Ansen, Mehmet Sait Sezgin, Demet Kargın and Kamil Attila Köksal were not included in the capital increase by giving up their privileged rights. This capital increase decision had been registered on 17 February 2016 and published on Trade Registry Gazette numbered 9017 dated 23 February 2016.

As a result of the Ordinary General Assembly meeting of 2015 held on June 29, 2016, the Company's paid-in capital was increased from TL 37,578,666 to TL 37,663,341 and the article 6 of the Company's Articles of Association was amended. This capital increase decision had been registered on 13 July 2016 and published on Trade Registry Gazette numbered 9118 dated 19 July 2016.

As a result of the Ordinary General Assembly meeting of 2016 held on December 19, 2017, the Company's paid-in capital was increased from TL 37,663,341 to TL 37,960,531 and the article 6 of the Company's Articles of Association was amended. This capital increase decision had been registered on 20 December 2017 and published on Trade Registry Gazette numbered 9481 dated 26 December 2017.

As a result of the Ordinary General Assembly meeting of 2017 held on December 25, 2018, the Company's paid-in capital was increased from TL 37,960,531 to TL 137,730,842 and the article 6 of the Company's Articles of Association was amended. This capital increase decision has been registered on 27 December 2018 and published on Trade Registry Gazette numbered 9737 dated 3 January 2019. The entire amount of the increase is comprised of the freely available internal resources in the financial statements of the Company, the funds allowed by the legislation to be added to the capital, and the extraordinary reserves.

Ünlü Yatırım Holding A.Ş.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

19 SHAREHOLDERS' EQUITY (Continued)

Share premium

As of 31 December 2018, the shareholding rights acquired related to the above-mentioned premium system are recognized on an accrual basis. As a result of the Ordinary General Assembly meeting of 2017, the paid-in capital of the Company has been increased from TL 37,960,531 to TL 137,730,842. TL 75,239,607 of the increase amount has been classified as capital.

Repurchased shares

In accordance with the resolution of the Board of Directors dated January 2, 2018 and numbered 2018/01, it was decided to acquire the shares of Can Ünalın, amounting to TL 10,000 and the shares of Erdem Selim, amounting to TL 3,500 by the Company. The Company has recognised TL 193,500 and TL 67,725 respectively for the fair value of these shares in the shareholders' equity items account.

In accordance with the resolution of the Board of Directors dated July 11, 2018 and numbered 2018/05, it was decided to acquire the shares of Vedat Mizrahi, amounting to TL 22,275 by the Company. The Company has recognised TL 439,486 for the fair value of these shares in the shareholders' equity items account.

In accordance with the resolution of the Board of Directors dated July 25, 2018 and numbered 2018/06, it was decided to give Kağan Çevik shares at a nominal amount of TL 28,000 as loyalty Premium. The Company has recognised TL 552,444 for the fair value of these shares on behalf of Kağan Çevik.

In accordance with the resolution of the Board of Directors dated October 11, 2018 and numbered 2018/11, it was decided to acquire the shares of Kağan Çevik, amounting to TL 103,200 by the Company. The Company has recognised TL 2,036,136 for the fair value of these shares in the shareholders' equity items account.

In accordance with the resolution of the Board of Directors dated October 31, 2018 and numbered 2018/12, it was decided to acquire the shares of Erdem Selim, amounting to TL 4,000 by the Company. The Company has recognised TL 78,920 for the fair value of these shares in the shareholders' equity items account.

Other comprehensive income

Due to on TAS 19 standard, the Group has actuarial loss amounting to TL 107,996 (31 December 2017: TL 344,288 actuarial gain) of net tax comes from employee termination benefit provision.

Currency translation profit amounting to net TL 33,813,485 (31 December 2017: TL 20,713,980 currency translation profit) which is booked to "Currency translation differences" under shareholders' equity is due to exchange of equity items of the subsidiaries subject to consolidation with period-end closing exchange rates and profit and loss items with annual average exchange rates.

Retained earnings

As of 31 December 2018, retained earnings of the Group are TL 24,591,576 (31 December 2017: TL 29,299,432).

Ünlü Yatırım Holding A.Ş.

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20 SALES AND COST OF SALES

	1 January – 31 December 2018	1 January – 31 December 2017
Sales	1,705,175,527	1,176,159,188
Sales of government bonds	1,069,142,060	817,625,663
Sales of common stocks	513,094,746	285,955,142
Sales of financial bonds	107,906,529	62,758,438
Consultancy income	10,650,167	6,321,749
Sales of investment funds	4,310,275	3,498,190
Covered warrants	71,750	6
Service income	151,839,887	102,751,964
Interest income from loans ⁽¹⁾	65,816,312	37,165,720
Domestic corporate finance income	36,456,880	27,952,525
Commission on sales of common stocks	33,196,915	20,648,309
Foreign corporate finance income	6,238,202	4,092,955
Profit due from Forex transactions	3,183,519	8,822,574
Portfolio management income	1,198,019	1,545,366
Commission on custody transactions	1,063,482	529,256
Fund early exit commission	688	281
Other service income	4,685,870	1,994,978
Deductions from services income (-)	5,286,906	71,809
Special provision expense to loans (-)	3,722,220	22
Sales returns (-)	43,220	7
Provision expense for doubtful receivables (-)	1,521,466	71,780
Financial sector operations income	1,851,728,508	1,278,839,343
Cost of government bonds (-)	1,067,929,126	817,228,430
Cost of common stocks (-)	513,442,924	285,797,627
Cost of financial bonds (-)	107,310,788	63,661,555
Cost of investment funds (-)	3,726,192	3,383,173
Cost of consulting services personnel (-)	7,088,654	–
Financial sector operations cost (-)	1,699,497,684	1,170,070,785
Gross profit from financial sector operations	152,230,824	108,768,558

⁽¹⁾ The interest income from loans has been composed of collections from receivables to be liquidated of the Company's direct subsidiary, İstanbul Varlık. Interest expenses on borrowings which are used for financing of these receivables to be liquidated are classified under financial expense (Note 24).

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21 EXPENSES BY NATURE

	1 January – 31 December 2018	1 January – 31 December 2017
Marketing, sales and distribution expenses		
Marketing and distribution expenses	3,152,931	3,329,266
Advertisement and publicity expenses	795,503	884,867
Representation expenses	195,627	536,527
Total	4,144,061	4,750,660
General administrative expenses		
Personnel expenses	66,686,255	57,379,717
Attorney, consultancy and audit expenses	17,751,360	7,639,331
Tax and sundry expenses	8,663,633	5,525,651
Data line rental expense	4,407,154	2,991,626
Rent expenses	3,670,175	2,670,314
Travel expenses	2,731,045	1,849,493
Depreciation and amortization expenses (Note 14 and 15)	1,963,327	1,789,229
Information technology expenses	1,900,545	1,208,140
Office building administrative expenses	1,158,075	1,120,242
Communication expenses	1,041,687	997,505
Vehicle expenses	654,351	735,712
Lawsuit provision expenses (Note 16)	188,701	165,158
Other general administrative expenses	6,180,461	4,210,108
Total	116,996,769	88,282,226

22 OTHER OPERATING INCOME

	1 January – 31 December 2018	1 January – 31 December 2017
Other operating income		
Reversal of prior period provisions	864,495	--
Rent and common area income	152,890	235,173
Agreement charge outs	112,506	125,891
Other service income	452,071	46,191
Total	1,581,962	407,255

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23 FINANCIAL INCOME

	1 January – 31 December 2018	1 January – 31 December 2017
Foreign exchange gain	60,020,423	28,578,307
Interest income	14,964,333	10,579,880
Derivative market operations income	1,719,486	5,725,393
Investment securities income rediscounts	1,777,276	1,394,434
Dividend income	453,929	416,043
Total	78,935,447	46,694,057

24 FINANCIAL EXPENSES

	1 January – 31 December 2018	1 January – 31 December 2017
Foreign exchange losses	48,447,595	31,290,099
Interest expenses ⁽¹⁾	27,157,835	19,016,026
Issued debt instruments interest expenses	7,470,673	5,794,407
Option trading expenses	3,747,269	2,599,781
Interest expenses paid to Money Markets	1,646,560	1,045,546
Repo interest expenses	1,482,110	522,240
VİOB operations losses	1,102,370	281,179
Other financial expenses	2,185,799	788,608
Total	93,240,211	61,337,886

⁽¹⁾ Interest expenses include TL 23,797,043 (31 December 2017: TL 15,474,342) of borrowing interest expenses that are used for financing of receivables to be liquidated of the Company's direct subsidiary İstanbul Varlık.

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25 TAX ASSETS AND LIABILITIES

Many clauses of the Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% (2016: 20%) for 2017. According to the regulation numbered 7061 published in the Official Gazette on December 5, 2017 with the "Law Amending Certain Tax Laws and Some Other Laws" is set at 22% to be applied to the corporate earnings of the tax years 2018, 2019 and 2020. In addition, the Council of Ministers was authorized to reduce the rate of 22% to 20%. According to the tax legislation, 20% (2017: 20%) of temporary tax is calculated and paid on the quarterly earnings and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. In the event that the advance tax paid remains despite the indictment, this amount can be refunded or offset against other government liabilities.

The corporate tax rate is calculated on the total income of the companies after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed. Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years. However, with the amendment made by Law no:7061, this ratio has been raised from 75% to 50% in terms of immovable and this ratio will be used as 50% in tax declarations to be prepared from 2018.

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 previous periods.

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.

	1 January – 31 December 2018	1 January – 31 December 2017
Current year tax expense	(3,392,455)	(1,732,096)
Deferred tax income/(expense)	3,701,962	(4,887,288)
Total tax income/(expense)	309,507	(6,619,384)

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

25 TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the related deferred tax assets and liabilities as of 31 December 2018 and 31 December 2017, calculated using the enacted tax rates, are as follows:

	Temporary differences		Deferred tax assets/(liabilities)	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Tax deductible previous years' losses	59,212,207	67,813,585	13,003,607	14,766,161
Provision for employment termination benefit and vacation pay liability	5,971,674	4,002,926	1,267,875	852,269
Expense accruals	42,415	--	9,331	--
Lawsuit provision	1,395,530	1,206,829	307,017	265,502
ECL for doubtful receivables	1,566,980	134,438		
Provision for doubtful receivables			344,736	29,576
Other	27,103	194,896	5,961	42,878
Deferred tax assets			14,938,527	15,956,386
Loans and receivables valuation differences	88,059,778	88,322,728	17,611,638	17,664,546
Tax effect arising from investments valuated with equity method ^(*)	39,885,364	53,923,026	8,774,778	10,784,605
Value increase in financial assets at fair value through other comprehensive income	1,357,543	1,357,543	271,509	271,509
Difference between tax base and carrying value of tangible and intangible assets	1,175,717	1,147,645	235,296	230,880
Other	590,538	118,461	129,917	26,063
Deferred tax liabilities			27,023,138	28,977,603
Net-off			(10,385,853)	(11,208,954)
Deferred tax assets			4,552,674	4,747,432
Deferred tax liabilities			16,637,285	17,768,649

^(*) Tax expense on continuing operations' includes the Group's share of the tax expense of equity accounted investees which has been excluded in 'share of profit of equity-accounted investees, net of tax.

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25 TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of current tax expense and profit for the period is as follows:

	31 December 2018	31 December 2017
Profit/(loss) before tax	(4,979,864)	26,409,482
Theoretical income tax at the applicable tax rate of 22% (2017: 20%)	(1,095,570)	5,281,896
The impact of tax rate differences of foreign subsidiaries	1,106,162	782,450
Current period tax losses on which no deferred tax is calculated	102,432	358,836
Recognition of previously unrecognised tax losses	(187,473)	--
Derecognition of previously recognised tax losses	(794,548)	--
Non-deductible expenses	425,799	327,077
Effect of change in tax rate	150,781	--
Other	(17,090)	(130,875)
Current year tax expense	(309,507)	6,619,384

As of 31 December 2018, the Company has TL 16,401,548 accumulated losses.

As of 31 December 2018, tax deductible losses and last deduction dates of the Company are as follows:

	Carry forward tax losses ⁽¹⁾	Last deduction date
2015	8,760,171	31 December 2020
2016	7,641,377	31 December 2021
Total	16,401,548	

⁽²⁾ As of 31 December 2018, the Company has calculated deferred tax asset amounting to TL 3,608,340 over its financial losses amounting to TL 16,401,548.

As of 31 December 2018, İstanbul Varlık, subsidiary to the Company, has TL 42,810,660 accumulated losses. As of 31 December 2018, tax deductible losses and last deduction dates of İstanbul Varlık are as follows:

	Carry forward tax losses ⁽¹⁾	Last deduction date
2014	24,148,131	31 December 2019
2015	17,508,585	31 December 2020
2016	1,153,944	31 December 2021
Total	42,810,660	

⁽¹⁾ As of 31 December 2018, İstanbul Varlık calculated deferred tax asset amounting TL 9,418,345 over its financial losses amounting to TL 42,810,660.

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25 TAX ASSETS AND LIABILITIES (Continued)

Deferred tax that is not recognised in the financial statements

As of 31 December 2018, deferred tax asset calculated on deductible financial losses is calculated on the condition that it is probable that financial losses will be utilized by obtaining sufficient taxable profit in the near future and it is probable that financial losses will be eliminated.

As of 31 December 2018, Ünlü Portföy, subsidiary of the Company, has TL 304,791 accumulated losses. As of 31 December 2018, Ünlü Portföy's tax losses carried forward and last deduction dates are as follows:

	Carry forward tax losses ⁽¹⁾	Last deduction date
2017	304,791	31 December 2022
Total	304,791	

⁽¹⁾ As of 31 December 2018, Ünlü Portföy, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 304,791. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2018 (31 December 2017: TL 72,995).

As of 31 December 2018, Plato Finans subsidiary of the Company has TL 5,222,330 accumulated losses. As of 31 December 2018, Plato Finans's tax losses carried forward and last deduction date is as follows:

	Carry forward tax losses ⁽¹⁾	Last deduction date
2014	1,302,254	31 December 2019
2015	1,378,014	31 December 2020
2016	2,419,712	31 December 2021
2017	122,350	31 December 2022
Total	5,222,330	

⁽¹⁾ As of 31 December 2018, Plato Finans, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 5,222,330. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2018 (31 December 2017: TL 8,765,064).

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25 TAX ASSETS AND LIABILITIES (Continued)

Deferred tax that is not recognised in the financial statements (Continued)

As of 31 December 2018, DU Finans subsidiary of the Company has TL 2,229,673 accumulated losses. As of 31 December 2018, DU Finans's tax losses carried forward and last deduction date is as follows:

	Carry forward tax losses	Last deduction date
2015	448,391	31 December 2020
2016	507,883	31 December 2021
2017	812,518	31 December 2022
2018	460,881	31 December 2023
Total	2,229,673	

⁽¹⁾ As of 31 December 2018, DU Finans, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 2,229,673. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2018 (31 December 2017: TL 1,973,047).

As of 31 December 2018, Mena Finance, subsidiary of the Company, has TL 32,221 accumulated losses. As of 31 December 2018, Mena Finance's tax losses carried forward and last deduction dates are as follows:

	Carry forward tax losses ⁽¹⁾	Last deduction date
2016	3,978	31 December 2021
2017	23,526	31 December 2022
2017	4,717	31 December 2023
Total	32,221	

⁽¹⁾ As of 31 December 2018, Mena Finance, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 32,221. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2018 (31 December 2017: TL27.504).

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26 EARNINGS PER SHARE

Earnings per share are calculated through division of net profit to weighted average number of shares:

	31 December 2018	31 December 2017
Basic		
1. Profit from continuing operations attributable to owners of the parent	(4,713,436)	19,822,848
2. Weighted average number of ordinary shares in issue	39,496,589	37,811,936
3. Earnings per share (1/2)	(0.1193)	0.5242
Diluted		
4. Profit from continuing operations attributable to owners of the parent	(4,713,436)	19,822,848
5. General administrative expenses arising from share-based payments	--	1,075,761
6. Profit used to determine diluted earnings per share (4+5)	(4,713,436)	20,898,609
7. Weighted average number of ordinary shares in issue	39,496,589	37,811,936
8. Adjustments for: Share-based payments	--	297,190
9. Weighted average number of ordinary shares in for diluted earnings per share (7+8)	39,496,589	38,109,126
10. Diluted earnings per share (6/9)	(0.1193)	0.5484

27 FINANCIAL RISK MANAGEMENT

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

(i) Information on credit risk

The Group'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 Group's management based on prior experience and the current economic environment.

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27 FINANCIAL RISK MANAGEMENT (Continued)

(i) Information on credit risk (continued)

31 December 2018	receivables				Financial investments ⁽²⁾
	Trade receivables		Other receivables		
	Related parties	Other parties	Related parties	Other parties	Bank deposits ⁽¹⁾
Maximum credit risk exposure as of the financial statements date (A+B+C+D)	2,090,032	188,309,398	313,543	45,442,674	326,737,103
Maximum credit risk under guaranteed through net collateral, or etc.					
A. Net carrying value of financial assets which are neither impaired nor overdue	2,090,032	188,309,398	313,543	45,442,674	326,737,103
B. Net carrying value of impaired assets collateralized portion of the net exposure	--	--	--	--	--
C. Net book value of assets exposed to impairment loss	--	119,300,750	--	--	--
- Overdue (gross book value)	--	--	--	--	--
- Impairment loss (-)	--	119,300,750	--	--	--
- The part under guaranteed through net collateral, or etc.	--	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--
- Impairment loss (-)	--	--	--	--	--
- The part under guaranteed through net collateral, or etc.	--	--	--	--	--
D. Off-balance sheet items exposed to credit risk	--	--	--	--	--

31 December 2017	Receivables			Financial investments ⁽²⁾	
	Trade receivables		Trade receivables		
	Related parties	Other parties	Related parties	Other parties	Bank deposits ⁽¹⁾
Maximum credit risk exposure as of the financial statements date (A+B+C+D)	620,081	154,485,106	317,516	21,028,156	207,911,839
A. Net carrying value of financial assets which are neither impaired nor overdue	620,081	154,485,106	317,516	21,028,156	207,911,839
B. Net carrying value of impaired assets collateralized portion of the net exposure	--	--	--	--	--
C. Net book value of assets exposed to impairment loss	--	120,826,431	--	--	--
- Overdue (gross book value)	--	--	--	--	--
- Impairment loss (-)	--	120,826,431	--	--	--
- The part under guarantee through net collateral, or etc.	--	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--
- Impairment loss (-)	--	--	--	--	--
- The part under guarantee through net collateral, or etc.	--	--	--	--	--
D. Off-balance sheet items exposed to credit risk	--	--	--	--	--

⁽¹⁾ Money market operations receivables, VIOP warrants, receivables from reverse repo contracts and Type B liquid funds are included.

⁽²⁾ Share certificates are not included.

For the purpose of the table above, collaterals and other guarantees which increase the collectability of the financial asset are not taken into account.

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27 FINANCIAL RISK MANAGEMENT (Continued)

(ii) Information on liquidity risk

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

As at 31 December 2018, the Group have TL 553,011 receivables from derivative instruments (31 December 2017: TL 118,461). The following table presents the cash flows payable by the Group under other financial liabilities according to their remaining contractual maturities as of 31 December 2018 and 31 December 2017:

31 December 2018	Carrying value	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Demand	Total contractual cash outflows
Financial liabilities	242,312,793	94,353,070	23,996,031	35,687,818	75,992,426	--	230,029,345
Trade payables	238,194,584	238,194,584	--	--	--	--	238,194,584
Other payables	12,010,224	1,059,962	--	10,950,262	--	--	12,010,224
Total	492,517,601	333,607,616	23,996,031	46,638,080	75,992,426	--	480,234,153
Financial derivative instruments	51,320,330	51,320,330	--	--	--	--	51,320,330
Total	543,837,931	384,927,946	23,996,031	46,638,080	75,992,426	--	531,554,483

31 December 2017	Carrying value	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Demand	Total contractual cash outflows
Financial liabilities	216,560,329	67,959,884	19,879,193	66,000,662	75,762,285	--	229,602,024
Trade payables	82,560,178	82,560,178	--	--	--	--	82,560,178
Other payables	7,583,791	669,307	--	6,914,484	--	--	7,583,791
Total	306,704,298	151,189,369	19,879,193	72,915,146	75,762,285	--	319,745,993
Financial derivative instruments	11,490,000	11,608,461	--	--	--	--	11,608,461
Total	318,194,298	162,797,830	19,879,193	72,915,146	75,762,285	--	331,354,454

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27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk

Foreign currency risk

Assets and liabilities denominated in foreign currency held by the Group as at 31 December 2018 and 31 December 2017 in original currency and total TL equivalents are as follows:

	31 December 2018				31 December 2017			
	TL equivalent	USD	TL equivalent	USD	TL equivalent	USD	TL equivalent	USD
Cash at banks	218,378,939	29,826,661	10,195,867	476	88,591,210	23,218,366	100,667	110,090
Trade receivables	2,645,474	256,241	206,974	7,482	2,823,065	496,393	204,996	4,933
Other assets	39,862,597	7,577,144	--	--	19,651,165	5,209,885	--	--
Total assets	260,887,010	37,660,046	10,402,841	7,958	111,065,440	28,924,644	305,663	115,023
Trade payables	186,660,244	23,957,370	9,893,451	148,087	55,853,851	14,378,907	169,725	167,639
Financial liabilities	50,555,837	9,597,536	--	9,644	63,739,061	16,898,396	--	--
Total liabilities	237,216,081	33,554,906	9,893,451	157,731	119,592,912	31,277,303	169,725	167,639
Receivables from financial derivative instruments	--	--	--	--	--	--	--	--
Payables from financial derivative instruments	51,320,330	1,053,198	7,594,486	--	11,608,461	3,077,616	--	--
Off-balance sheet derivative instruments' net asset/(liability) position	(51,320,330)	(1,053,198)	(7,594,486)	--	(11,608,461)	(3,077,616)	--	--
Net foreign currency asset/(liability) position	(27,649,401)	3,051,942	(7,085,096)	(149,773)	(20,135,933)	(5,430,275)	135,938	(52,616)

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27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

	Profit/loss		Shareholders' equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2018				
10% change in USD foreign currency rate				
1. USD net asset/(liability)	1,605,596	(1,605,596)	1,605,596	(1,605,596)
2. Hedged portion against USD risk (-)				
3. Net effect of USD (1+2)	1,605,596	(1,605,596)	1,605,596	(1,605,596)
10% change in EUR foreign currency rate				
4. EUR net asset/(liability)	(4,270,896)	4,270,896	(4,270,896)	4,270,896
5. Hedged portion against EUR risk (-)				
6. Net effect of EUR (4+5)	(4,270,896)	4,270,896	(4,270,896)	4,270,896
10% change in GBP foreign currency rate				
7- GBP net asset/(liability)	(99,641)	99,641	(99,641)	99,641
8- Hedged portion against GBP risk (-)				
9- Net effect of GBP (7+8)	(99,641)	99,641	(99,641)	99,641
TOTAL (3+6+9)	(2,764,941)	2,764,941	(2,764,941)	2,764,941

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27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

	Profit/loss		Shareholders' equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2017				
10% change in USD foreign currency rate				
1. USD net asset/(liability)	(2,048,246)	2,048,246	(2,048,246)	2,048,246
2. Hedged portion against USD risk (-)				
3. Net effect of USD (1+2)	(2,048,246)	2,048,246	(2,048,246)	2,048,246
10% change in EUR foreign currency rate				
4. EUR net asset/(liability)	61,383	(61,383)	61,383	(61,383)
5. Hedged portion against EUR risk (-)				
6. Net effect of EUR (4+5)	61,383	(61,383)	61,383	(61,383)
10% change in GBP foreign currency rate				
7- GBP net asset/(liability)	(26,731)	26,731	(26,731)	26,731
8- Hedged portion against GBP risk (-)				
9- Net effect of GBP (7+8)	(26,731)	26,731	(26,731)	26,731
TOTAL (3+6+9)	(2,013,594)	2,013,594	(2,013,594)	2,013,594

Interest rate risk

According to the daily market conditions, the Group invests its cash as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, reverse repurchase agreements, or bank deposits.

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27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Interest rate profile

	31 December 2018	31 December 2017
Fixed rate financial instruments		
Financial assets		
Financial assets at fair value through profit or loss		
Investment securities held for trading	14,337,502	406,276
Time deposits and receivables from reverse repurchase agreements	296,312,680	172,296,916
Financial liabilities		
Financial liabilities	142,758,606	141,019,514
Payables to Money Markets	22,313,274	100,907
Floating rate financial instruments		
Financial assets		
Financial assets at fair value through profit or loss		
Private sector bonds	7,865,136	10,042,213
Financial assets at fair value through other comprehensive income		
Private sector bonds	--	111,000
Financial liabilities		
Financial liabilities	50,491,676	44,879,561
Structured debt instruments	10,872,966	30,560,347

The profit before tax of the Group from the financial asset valuation will decrease by TL 446,247 (31 December 2017: TL 652,867) and increase by TL 446,247 (31 December 2017: TL 652,867) in the case of 100 basis point decrease/increase in TL market interest rates with all other factors remaining constant as of 31 December 2018.

Price risk

As at 31 December 2018, there is no common stocks in Group's portfolio, measured at fair value through profit or loss (31 December 2017: None).

(iv) Capital management

The Group manages the capital with decreasing investment risk to the lowest level with portfolio diversification. The Group's main objective is to add value to each partner and trying to increase and protect the value of the portfolio. In order to provide this value-added, the Company invests in high-yield securities and other financial instruments, monitors financial markets and institutions, developments related to the partnership and takes the necessary measures related to portfolio management.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

28 DERIVATIVE INSTRUMENTS

As of 31 December 2018 and 31 December 2017 details of derivative instruments are follows:

	31 December 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
Swap operations	553,011	--	118,461	--
Total	553,011	--	118,461	--

29 FINANCIAL INSTRUMENTS

Fair value of the financial instruments

Despite of the obligatory sale and the close-out, the fair value describes the amount of the financial instrument for its purchase and sell, to the consent process of related sides. Under this circumstance, the quoted market price reflects the fair value, most appropriately.

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

Despite of the financial lease receivables and borrowings, the fair values of short-term assets and liabilities have been estimated close to their book values since the impact of the discount is irrelevant for the fair value.

The fair values and carrying values of financial assets and liabilities of the Group are as follows:

	31 December 2018		31 December 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Banks	316,915,266	316,915,266	205,877,360	205,877,360
Trade receivables	190,399,430	190,399,430	155,105,187	155,105,187
Financial investments	32,934,003	32,934,003	23,833,261	23,833,261
Other receivables	45,881,541	45,881,541	21,428,529	21,428,529
Financial liabilities				
Financial liabilities	226,436,522	226,436,522	216,560,329	216,560,329

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

29 FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

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.

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	27,943,051	42,079	--	27,985,130
Financial assets at fair value through other comprehensive income ⁽¹⁾	--	2,651,763	--	2,651,763
Derivative instruments	--	553,011	--	553,011
31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets held for trading	18,784,566	1,176,588	--	19,961,154
Available-for-sale financial assets ⁽¹⁾	--	1,517,254	111,000	1,628,254
Derivative instruments	--	118,461	--	118,461

⁽¹⁾ BİST shares classified by the Group as financial assets at fair value through other comprehensive income are valued based on the bid price declared by BİST and are shown in Level 2.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

30 DISCLOSURES OF INTERESTS IN OTHER ENTITIES

	Non-controlling interest share percentage	Non-controlling interest share profit/(loss)	Accumulated non-controlling interests	Unpaid capital by non- controlling interests	Dividend paid ton on controlling interests
31 December 2018					
Mena Finans	25.00%	(1,180)	19,921	--	--
Plato Finans	5.19%	41,785	(101,036)	--	--
Total		40,605	(81,115)	--	--
31 December 2017					
Mena Finans	25.00%	(5,882)	21,100	--	--
Plato Finans	5.19%	(26,439)	(142,820)	--	--
Total		(32,321)	(121,720)	--	--

Plato Finans subsidiary of the Company, generates almost all the non-controlling part of the Group. Plate Finans's condensed financial information given as follows.

	31 December 2018	31 December 2017
Plato Finans information of condensed balance sheet		
Current assets	328,105	383,066
Non-current assets	1,367,789	1,083,273
Total assets	1,695,894	1,466,339
Short-term financial liabilities	422,125	1,501,574
Other short-term liabilities	3,157,795	2,555,308
Other long-term liabilities	61,284	159,277
Total liabilities	3,641,204	4,216,159
Paid in capital	7,000,000	7,000,000
Accumulated losses	(8,705,940)	(9,558,091)
Other comprehensive income	(239,370)	(191,728)
Net assets	(1,945,310)	(2,749,819)

Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

30 DISCLOSURES OF INTERESTS IN OTHER ENTITIES (Continued)

	1 January – 31 December 2018	1 January – 31 December 2017
Plato Finans information of condensed income statement		
Sales	5,152,034	10,579,434
Net loss for the period	852,151	(517,322)
Other comprehensive income	(47,642)	8,267
Total Comprehensive Income Distribution		
Non-controlling interest	41,785	(26,439)
Equity holders of the parent	762,724	(482,616)
Plato Finans information of condensed cash flow statement		
Cash flow used in by operating activities	1,749,039	(526,399)
Cash flows provided by investment activities	(677,250)	(135,163)
Cash flows provided/(used) by financing activities	(1,079,449)	666,378
Net increase/(decrease) in cash and cash equivalents	(7,660)	4,816
Cash and cash equivalents at the beginning of the period	15,029	10,213
Cash and cash equivalents at the end of the period	7,369	15,029

Information above represented amounts before inter-company eliminations.

Plato Finans's above mentioned consolidated summary balance sheet was prepared considering that the continuity of the company was clear. Plato Finans's capital increased to TL 3,000,000 (in full) from TL 2,000,000 (in full) with the company's TL 725,850 (in full) contribution on 2 July 2015. The Extraordinary General Assembly held a meeting on 25 December 2015 because Plato Finans's capital and two-thirds of its total legal reserves were non-reciprocal because of the loss on last year's balance sheet as per Turkish Commercial Code Article 376. As per the decision made in the meeting, Plato Finans's capital was increased to TL 7,000,000 (in full) from TL 3,000,000 (in full) with Istanbul Varlık's contribution of TL 2,903,400 (in full) on 28 December 2015.

It is estimated that the subsidiary will continue its business plan and activities within the normal workflow. The realization of this business plan depends heavily on collection anticipations and planned new service contracts. İstanbul Varlık Yönetim A.Ş. paid the capital on 27 December 2017, amounting to TL 720,000 which it committed to Plato Finans and was in the unpaid capital item Tahir Selçuk Tuncalı paid the capital on 8 December 2017, amounting to TL 102,000, which he committed and was in the unpaid capital item.

31 SUBSEQUENT EVENTS

With the decision of the Board of Directors dated 11 April 2019, the paid-in capital of the Ünlü Menkul Değerler A.Ş. will be increased from TL 10,000,000 to TL 15,000,000. The Capital Markets Board approved Ünlü Menkul Değerler A.Ş.'s application for capital increase on 22 April 2019.

Ünlü Menkul Değerler A.Ş. which is the direct subsidiary of the Company increased the capital of its subsidiary Ünlü Securities Inc., located in New York, USA, by USD 100,000 to USD 1,460,000 dated on 18 April 2019.

Ünlü Menkul Değerler A.Ş. which is the direct subsidiary of the Company increased the capital of its subsidiary Ünlü Securities UK Ltd., located in London, UK, by GBP 230,000 to GBP 380,000 dated on 19 February 2019 and 5 March 2019.

*We thank the
Şebnem Ünlü Atölyesi
for its contributions.*



Ahi Evran Caddesi Polaris Plaza No: 21 Kat: 1
34485 Maslak, Sarıyer
T +90 (212) 367 36 36
F +90 (212) 346 10 40
www.unluco.com